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Entry 36
Histories of
SWPC Regions

History of Region XIV

SMALL PLANTS SPEAK FOR THEMSELVES

A

SPECIAL REPORT

to the

SMALL BUSINESS COMMITTEES

of the

SENATE AND HOUSE OF REPRESENTATIVES

From

SMALLER WAR PLANTS CORPORATION

- - * - -

MAURY MAVERICK

Chairman and General Manager

LETTER OF TRANSMITTAL

- - * - -

October 4, 1945

Members of Small Business Committees
Senate
House of Representatives
Washington, D. C.

Gentlemen:

This Special Report of the Smaller War Plants Corporation is in reality a report of smaller manufacturers themselves.

SWPC was created by Congress to mobilize the facilities of small manufacturers to full war production. I am content to let the record tell how well this job has been performed.

Now that war production is over, I believe that our government has a responsibility to assist these small plants to return to peacetime production. I think it is necessary to a full economy that these plants produce at their top capacity, even though this capacity may be several times what they were producing in prewar times. I think this is essential, if we are to attain full production, full employment and a prosperous America.

How best can this be done?

To get an answer to this question, representative small manufacturers were asked to meet and express their frank opinions as to (1) whether they need government assistance; and (2) if so, what assistance do they think they need.

Sixteen meetings were held in all parts of the United States, from New York and Boston to San Francisco and Seattle; from Chicago and Detroit to Atlanta and Dallas. All types of small industry were represented.

These representative groups were asked to speak frankly.

Members of Small Business Committees October 4, 1945

I pass on to you what they said.

This is a factual report of what small business said, when it was given an opportunity to speak for itself.

These views, opinions and suggestions may be of value to you in formulating a program to see that small business has a fair chance to survive and prosper. Without them, our economy can not succeed.

Respectfully submitted,

Maury Maverick

Maury Maverick
Chairman and General Manager

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SMALL PLANTS SPEAK FOR THEMSELVES

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SMALL PLANTS SPEAK FOR THEMSELVES

CHAPTER I

INTRODUCTION

SMALLER WAR PLANTS CORPORATION

SMALL PLANTS SPEAK FOR THEMSELVES

Chapter I

SMALLER MANUFACTURERS HOLD 16 MEETINGS IN ALL PARTS OF U. S.

Purpose of meetings --- groups small but representative --- speak frankly without restraint or publicity --- outline help they will need from government to survive and prosper --- concrete suggestions made.

-

Does small business --- particularly small manufacturing business --- need governmental help to survive the period of reconversion and contribute to a permanent sound economic America?

If so, what help does it need?

Answers to these questions are of paramount importance to our nation, which has many questions to answer.

Smaller War Plants Corporation, which was created by Congress to mobilize small plants for war, went to small plants for the answers.

Representatives of typical small plants were called together in Boston, New York, Philadelphia, Charlotte (North Carolina), Tampa (Florida), Cleveland, Chicago, Kansas City, Dallas, Denver, San Francisco, Detroit, Minneapolis, Seattle, Portland, and San Francisco. They came, not only from these urban centers, but also from the surrounding industrial areas.

The groups were small (10 to 15 in each) but they represented every geographical section of the country and practically every industry --- metal working, machine parts, power presses, mine machinery, castings, cranes, gears, screw machine and grinding products, pumps, tools, dies and fixtures, foods, plastic products, paper boxes, furniture, starch, electric elevators, radio and radar equipment, all types of electrical products and fixtures, canvas, upholstery, draperies, refrigeration products, station wagons, truck bodies, motors, tires, synthetic rubber products, lighting fixtures, paints, leather goods, trunks, luggage, water heaters, oil refinery machinery, plumbing and heating fixtures, fishing hooks and equipment, axles, wheels, tanks, soap, farm machinery, copper and brass products, foundries, pre-fabricated houses, all types of woodwork, hosiery, clothing and all types of textiles, and many more.

These small manufacturers were invited to the meetings by SWPC Regional Directors. Many of them have enjoyed profitable business

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services from SWPC during the war period. But all of them are sound, successful small businessmen, who have survived a turbulent conversion from normal peacetime operations to full war production. Many have been in business existence 10, 20, 40 years.

Representatives of small business associations, Chambers of Commerce, bankers, attorneys, and some big business men also attended.

(A complete list of those present at the 16 meetings, with their positions, companies and addresses, appears in the following. More detailed information on them is available on request.)

These representative small business men were asked: "Do you need help from the government? Now? In the future? What kind of help?"

The attending manufacturers were asked to speak openly and frankly.

Purpose of the meetings was stated in a teletype from Maury Maverick, Chairman and General Manager of the Smaller War Plants Corporation, which was read at all the meetings:

"For more than three years the Smaller War Plants Corporation has been working closely with small manufacturers all over the country in the war production effort. We know from our own records that small plants have made a magnificent contribution. Our Washington office and field forces, by keeping in close touch with small manufacturers, have learned of their progress and problems through practical every-day experience. The Corporation is proud to have been of some assistance along the way.

"Now that the war is over, the Corporation is anxious to assist in bringing about an orderly reconversion. We are re-examining our program with a view to offering all possible assistance to small business in the transition period. The surrender of Japan brought broblems of contract termination, surplus, and reconversion, which, in many respects, are more

difficult than were those encountered in converting to war.

"Realizing that small manufacturers have given a great deal of thought to the subject, we are anxious to have an expression of opinion as to just what type program and policies would be most valuable. We would like business itself to make specific recommendations as to the best type of service which their government could supply in this change-over period from war to peace.

"Many of the Smaller War Plants Corporation services which have been of assistance during the war are still available during the reconversion period. These include: government procurement, surplus property, contract settlement, technical advisory service, civilian production including subcontracts, assistance to veterans, and presentation of your problems before appropriate congressional and governmental bodies.

"If this group would use these existing services as a basis for discussion, I feel certain that many valuable additional suggestions would result.

"In closing, I would again like to express the appreciation of the Corporation for the tremendously successful war effort of the small manufacturers of America."

In opening the meeting at Philadelphia, Joseph Dellert, SWPC Regional Director, stated:

"I would like to have free and open discussion. If there are any criticisms of anything we have done, we will be glad to accept them. We are not looking for praise. What we really would like to have are suggestions.""

Robert S. Breyer, SWPC Regional Director at Los Angeles, made the same appeal for frankness:

"The purpose of the meeting is to ascertain what services can be rendered small manufacturers, as well as small business in the postwar period."

The same keynote was sounded at all of the 16 meetings. There

was no attempt on the part of SWPC officials present to guide the discussions or conclusions.

Smaller War Plants Corporation feels a strong responsibility to Small Business of America. Frankly, we believe:

(1) Small Business proved its productive efficiency in the great contribution it made to our war victory; and

(2) Small Business must survive, prosper and grow, if America is to attain full employment, full production and the full prosperity we all seek; and

(3) Small Business may need government help in peacetime as well as in wartime.

It was with these things in mind that we called the meetings in order that Small Business might speak for itself.

We believe the opinions expressed and the suggestions made represent a fair cross-section of Small Business of America. On the whole, the small business men of New England and New York expressed the same needs as those of the South and Far West.

We have summarized these opinions and suggestions in the succeeding chapters, without any editorial comment, coloring or expression of our own opinions. Most of the story is told by direct quotations from statements made by the small businessmen present. Their full statements are available to you, if desired.

Although there was no program of discussion laid down and the meetings were held from Maine to Oregon, from Chicago to Texas, the expressions of these representative small businessmen as to what assistance they need from our government fall into the following classifications:

(1) Financial assistance

(2) Marketing aid

(3) Technical advice

(4) Representation in Washington and with other governmental agencies

(5) Surplus property

(6) Materials

(7) Contract Settlement

(8) Tax Revisions

(9) Veterans

(10) Miscellaneous

Many sensible, tangible proposals have been made on all of these subjects, backed by personal experiences.

For instance, marketing means to these small plants --- selling their products. To accomplish this, they seek assistance through government market surveys; information and help in acquiring foreign markets; aid in procurements and sub-contracting; marketing centers, both domestic and foreign; and in many other tangible ways.

They suggest technical advice on engineering and mechanical problems; materials and substitutes; development; patents; production costs; accounting; purchasing; and a research laboratory; among many other things.

We prefer to let them speak for themselves. We present in these succeeding chapters a factual, reportorial summary of what these

representative small businessmen told us they wanted from their government.

SWPC Regions

SMALL PLANTS SPEAK FOR THEMSELVES

CHAPTER II

REPRESENTATIVES OF SMALL MANUFACTURERS ATTENDING MEETINGS

SMALLER WAR PLANTS CORPORATION

REPRESENTATIVES OF SMALL MANUFACTURERS

ATTENDING MEETINGS

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REGION I, BOSTON, MASS.

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September 5, 1945

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Richard C. Cooke	Regional Director	Smaller War Plants Corporation Boston, Massachusetts
Edward R. Barlow	Regional Loan Agent	Smaller War Plants Corporation Boston, Massachusetts
E. J. Stewart	President	United Metal Seal Company Boston, Massachusetts
	President	Smaller Business Assn. of N. England
[illegible]ssell C. Maintain	President	Maintain Store Engineer Company Boston, Massachusetts
	Secretary	Smaller Business Assn. of N. England
William Silverman	Attorney	Featherweight Foods Fort Kent, Maine
L. W. Lord	President	Plastic Wire and Cable Company Norwich, Connecticut
M. H. Philips	Treasurer	Plastic Wire and Cable Company Norwich, Connecticut
Dudley C. Harmon	Vice President	New England Council Boston, Massachusetts
William H. Perry	President	Cambridge Paper Box Company Cambridge, Massachusetts
G. A. Beckhard	Treasurer	Charak Furniture Company Boston, Massachusetts
John Dawes	President	Moore and Company, Inc. Worcester, Massachusetts
Lloyd B. Dunne	President	Northern Aristook Startch Co., Inc. Fort Kent, Maine

REPRESENTATIVES OF SMALL MANUFACTURERS

ATTENDING MEETINGS

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REGION II, NEW YORK, NEW YORK

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September 4, 1945

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H. M. Polhemus	Regional Director	Smaller War Plants Corporation New York, New York
Erwin Rankin	Regional Loan Agent	Smaller War Plants Corporation New York, New York
Leroy Kiesling	Pres. and Dir.	John W. Kiesling & Son, Inc. Brooklyn, New York
Joseph Schonberger	Treas. and Dir.	John W. Kiesling & Son, Inc. Brooklyn, New York
John H. Hays	President	McGlynn, Hays & Company 62 Grand St., New York, New York
Alvan B. C. Denman	Treasurer	McGlynn, Hays & Company 62 Grand St., New York, New York
J. Franklin Burke	Pres. & Treas.	J. Franklin Burke & Co., Inc. 5 Union Square W., New York, N.Y.
Percy E. Landolt	President	Lithaloys Corporation New York, New York
Benjamin E. Guibert	Secy. & Treas.	Lithaloys Corporation New York, New York
E. H. Gillette	Chairman & Treas.	Allied Control Company, Inc. New York, New York
Alden D. Stanton	President	Empire State Machine Corporation New York, New York

REPRESENTATIVES OF SMALL MANUFACTURERS

ATTENDING MEETINGS

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REGION III, PHILADELPHIA, PENNSYLVANIA

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September 5, 1945

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Joseph G. Dellert	Regional Director	Smaller War Plants Corporation Philadelphia, Pennsylvania
Mr. William A. Dyer	Regional Loan Agent	Smaller War Plants Corporation Philadelphia, Pennsylvania
Richard H. Shanaman	Sect'y. & Treas.	Electric Power & Equipment Corp. Philadelphia, Pennsylvania
Clyde H. Smith	President	McGann Manufacturing Company York, Pennsylvania
C. F. Holloway	Secty. & Treas.	Wood-Metal Industries, Inc. Kreamer, Pennsylvania
Harry N. Popky	Treasurer	Laux Manufacturing Company Wilkes-Barre, Pennsylvania
George E. Bass	President	Ferracute Machine Company Bridgeton, New Jersey
Augustus Goetz	Vice President	Ocean City Tent Company Ocean City, New Jersey
Max E. Cohen	Partner	Baltimore Legging Company Philadelphia, Pennsylvania
D. T. Thompson	Owner	D. T. Thompson Company Philadelphia, Pennsylvania
Allen A. Burleson	Partner	B-M Machine Works Moosie, Pennsylvania
Edward L. Espen	Vice President	Moss Rose Manufacturing Company Philadelphia, Pennsylvania
Sidney Schwartz	Vice President, Treas.	Mifflinburg Body Works, Inc. Mifflinburg, Pennsylvania

REPRESENTATIVES OF SMALL MANUFACTURERS

ATTENDING MEETINGS

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REGION IV, ATLANTA, GEORGIA

CHARLOTTE DISTRICT

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September 5, 1945

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Frank G. Etheridge	Regional Director	Smaller War Plants Corporation Atlanta, Georgia
Chester E. McCallum	District Manager	Smaller War Plants Corporation Charlotte, North Carolina
George Grove	President	G & H Hosiery Company Hickory, North Carolina
E. A. Terrell	President	Terrell Machine Company Charlotte, North Carolina
C. M. Cox	Gen. Sales Mgr.	Southern Engineering Company Charlotte, North Carolina
D. S. Siceloff	President	Siceloff Manufacturing Company Lexington, North Carolina
L. H. Kise	Gen. Sales Mgr.	Charlotte Tent and Awning Company Charlotte, North Carolina

REPRESENTATIVES OF SMALL MANUFACTURERS

ATTENDING MEETINGS

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REGION IV, ATLANTA, GEORGIA

TAMPA DISTRICT

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September 6, 1945

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Frank G. Etheridge	Regional Director	Smaller War Plants Corporation Atlanta, Georgia
Forrest E. Watson	Procurement Specialist	Smaller War Plants Corporation Tampa, Florida
R. W. Hendry	President	Hendry Lumber Company St. Petersburg, Florida
W. C. Meloon	President	Pinecastle Boat Company Pinecastle, Florida
M. B. Kennedy	Vice President	American Machinery Corporation Orlando, Florida
P. Ducanis	President	Pan-American Metal Products Co. Miami, Florida
Alan Waddell	Representative	Miller Trailers, Inc. Bradenton, Florida
H. L. Hays, Jr.	Representative	Pinkerton Lumber Company Perry, Florida
E. L. Taylor	President	Fort Pierce Boat Works Fort Pierce, Florida
C. L. Eddlebulte	Representative	Timber Fabrications Miami and Perry, Florida
G. P. Stephens	Warehouse Examiner	Lawrence Warehouse Company Jacksonville, Florida
Mrs. E. J. Stephens	President	Havana Canning Company Havana, Florida

REPRESENTATIVES OF SMALL MANUFACTURERS

ATTENDING MEETINGS

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REGION V, CLEVELAND, OHIO

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September 6, 1945

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C. J. Perrier	Regional Director	Smaller War Plants Corporation Cleveland, Ohio
Frank Gibson	Regional Loan Agent	Smaller War Plants Corporation Cleveland, Ohio
E. S. Patterson	President	First Central Trust Company Akron, Ohio
A. C. Dennison	Representative	Fulton Foundry & Machine Company Cleveland, Ohio
Paul Davey	Representative	Davey Compressor Company Kent, Ohio
H. H. Heeman	Representative	Soya Processing Company Wooster, Ohio
Ray Mansman	Representative	The Schnable Company Pittsburgh, Pennsylvania
Cyril Bath	Representative	The Cyril Bath Company Cleveland, Ohio
B. S. Gerson	Representative	National Formetal Company Cleveland, Ohio
R. R. Stratton	Representative	Van Dorn Iron Works Cleveland, Ohio
B. H. Hunter	Representative	Hunter & Company Cleveland, Ohio
John C. Barker	Reg. Chief, Procurement	Smaller War Plants Corporation Cleveland, Ohio
Lyman B. King	Reg. Reconversion Spc.	Smaller War Plants Corporation Cleveland, Ohio
G. A. Tengel	Reg. Chief, Subcontract.	Smaller War Plants Corporation Cleveland, Ohio

REPRESENTATIVES OF SMALL MANUFACTURERS

ATTENDING MEETINGS

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REGION VI, CHICAGO, ILLINOIS

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September 6, 1945

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Albert M. Carter	Regional Director	Smaller War Plants Corporation Chicago, Illinois
Arthur P. Murphy	Regional Loan Agent	Smaller War Plants Corporation Chicago, Illinois
F. L. Bunn	General Manager	Televiso Products Company Chicago, Illinois
M. Layden	Vice President	Vacuum Can Company Chicago, Illinois
Frank Oliver	Owner	Oliver Machine Company Downers Grove, Illinois
Paul Temple	Owner	Sullivan Box Factory Sullivan, Illinois
Harold Schelm	President	Schelm Brothers East Peoria, Illinois
Mr. Livingston	Partner	DuPage Plastics Company Chicago, Illinois
P. S. Deasy	Comptroller	Small Motors, Inc. Chicago, Illinois
Mr. Calanan	President	Brown Rubber Company Lafayette, Indiana
Stanley Bell	President	Quillen Brothers Indianapolis, Indiana
C. D. McCann	President	Modern Lighting & Mfg. Co. Des Moines, Iowa
Clark Gray	Partner	Gravins Laboratory Company Davenport, Iowa
Ray C. Kraemer	President	La Ray Engineering & Equipment Co. Milwaukee, Wisconsin
Myles W. Leep	President	W. F. Zummach Company Milwaukee, Wisconsin
H. D. Conkey	Representative	H. D. Conkey Company Mendota, Illinois

REPRESENTATIVES OF SMALL MANUFACTURERS

ATTENDING MEETINGS

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REGION VII, KANSAS CITY, MISSOURI

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September 6, 1945

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Roy W. Webb	Regional Director	Smaller War Plants Corporation Kansas City, Missouri
Harry C. Jobes	Regional Loan Agent	Smaller War Plants Corporation Kansas City, Missouri
Dale M. Ainsworth	Vice President	City National Bank & Trust Company Kansas City, Missouri
R. E. Boxmeyer	Partner	General Marine Company Kansas City, Missouri
S. G. Edsell	Secretary	Northeast Tool and Die Company Kansas City, Missouri
William C. Glover, Jr.	Representative	Cleaners Specialty Company Kansas City, Missouri
Elmer Hughes	Owner	Hughes Machinery Company Kansas City, Missouri
Hartley Jackson	Owner	Jackson Manufacturing Company Kansas City, Missouri
Victor Lerner	Partner	Lerner Brothers Kansas City, Missouri
Robert W. Monk	District Manager	Smaller War Plants Corporation Kansas City, Missouri
Ed. V. Sargent	Regional Info. Advisor	Smaller War Plants Corporation Kansas City, Missouri
A. J. Smith	President	Inland Manufacturing Company Kansas City, Missouri
Mason Thompson	President	Standard Steel Works Kansas City, Missouri
Frank Tice	Owner	Western Tool Company Kansas City, Missouri

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REPRESENTATIVES OF SMALL MANUFACTURERS

ATTENDING MEETINGS

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REGION VIII, DALLAS, TEXAS

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September 6, 1945

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Morton R. Harrison	Regional Director	Smaller War Plants Corporation Dallas, Texas
Guy L. Woolley	Regional Loan Agent	Smaller War Plants Corporation Dallas, Texas
J. P. Travis	President	Universal Corporation Dallas, Texas
Leland Hamman	Owner	Box Factory of Paris Paris, Texas
J. D. Shaw	Owner	Rose City Packing Company Tyler, Texas
Jack Spitzka	Owner	Comfort Products Corporation Dallas, Texas
Edward A. Brass	Owner	Shops of Edward A. Brass Shreveport, Louisiana
M. M. Dille	Treasurer	Globe Aircraft Corporation Fort Worth, Texas
Melvain W. Jackson	General Manager	Dallas Engineering Company Dallas, Texas
S. P. Hamer	Vice Pres. & Mgr.	Mechanical Manufacturing Company Fort Worth, Texas
John E. Mitchell, Jr.	President	John E. Mitchell Company, Inc. Dallas, Texas
V. H. Gillespie	Owner	Gillespie Engineering Company Handley, Texas
J. H. Blundell	Executive Director	Gulf Southwest Industrial and Agri. Conf. Dallas, Texas
A. Cunningham	Asst. Executive Dir.	Gulf Southwest Ind. & Agri. Conference Dallas, Texas
Ray L. Miller	Deputy Regional Director	Smaller War Plants Corporation Dallas, Texas
Bernard Brister	Reg. Info. Advisor	Smaller War Plants Corporation Dallas, Texas
Russell Smith	District Manager	Smaller War Plants Corporation Dallas, Texas
Louis B. Duquette	District Loan Agent	Smaller War Plants Corporation Dallas, Texas

REPRESENTATIVES OF SMALL MANUFACTURERS

ATTENDING MEETINGS

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REGION IX, DENVER COLORADO

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September 5, 1945

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Leslie L. Waymire	Acting Regional Director	Smaller War Plants Corporation Denver, Colorado
J. R. Leftwich	Acting Reg. Loan Agent	Smaller War Plants Corporation Denver, Colorado
W. H. Leyden	District Manager	Smaller War Plants Corporation Denver, Colorado
George Hamburger	Contract Specialist	Smaller War Plants Corporation Denver, Colorado
Richard R. Adams	Sales Manager	Bluhill Foods, Inc. Denver, Colorado
Louis C. Isaacson	President	Grauman Company Denver, Colorado
W. H. Hauselman	President	Hauselman Engineering Works Denver, Colorado
E. H. Heitler	Assistant Secretary	Schwayder Brothers, Inc. Denver, Colorado
Max Moritz	Vice President	B. K. Sweeney Denver, Colorado
C. R. Maul	Sales Engineer	Stearns-Rogers Mfg. Company Denver, Colorado
Stanley M. Wright	President	Wright & McGill Company Denver, Colorado
Joseph McCarty	Partner	McCarty-Johnson Company Denver, Colorado
Forrest A. Heath	President	Forrest A. Heath Company Denver, Colorado
M. S. Merrill	General Manager	Merrill Engineering Laboratories Denver, Colorado
Sam Fox	Partner	Fox & Company Denver, Colorado
Mr. McCabe	Sales Manager	Eaton Metal Products Company Denver, Colorado
Percy J. Lee	President	Lee Soap Company Denver, Colorado
Mr. McGill	Vice President	Wright & McGill Company Denver, Colorado

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REPRESENTATIVES OF SMALL MANUFACTURERS

ATTENDING MEETINGS

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REGION X, SAN FRANCISCO, CALIFORNIA

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September 6, 1945

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Edward P. Madigan	Regional Director	Smaller War Plants Corporation San Francisco, California
D. D. Watson	Pres. & Gen, Mgr.	Harris Manufacturing Company Stockton, California
E. R. Lester	President	Lester Motors Sacramento, California
Oscar Krenz	President	Oscar Krenz Copper & Brass Works Oakland, California
Robert M. Christie	Co-owner	Christie Machine Works San Francisco, California
E. W. Bullard	President	E. D. Bullard Company San Francisco, California
Harold Berliner	General Manager	Hockwald Chemical Company San Francisco, California
W. Schlichtmann	President	Thompson Aricraft Tire Corporation San Francisco, California
David G. Taylor	Secreatry & Gen. Mgr.	Gardiner Electric Manufacturing Co. Emeryville, California
Kenneth Self	Owner	Self Manufacturing Company Twin Falls, Idaho
H. S. Childers	President	Vendorlator Corporation Fresno, California
William Donovan	Mining Representative	Mining Representative Silver City, Nevada

REPRESENTATIVES OF SMALL MANUFACTURERS

ATTENDING MEETINGS

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REGION XI, DETROIT, MICHIGAN

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September 6, 1945

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M. A. Holmes	Regional Director	Smaller War Plants Corporation Detroit, Michigan
Paull Fitzpatrick	Regional Loan Agent	Smaller War Plants Corporation Detroit, Michigan
Howard A. Donnelly	Respresantative	S&S, and M&M Tool and Mfg. Cos. Detroit, Michigan
Simeon Janes	Representative	S&S Tool and Mfg. Company Detroit, Michigan
D. F. Walters	Representative	Regal Manufacturing Company Coldwater, Michigan
Walter Kanar	Representative	Algonac Manufacturing Company Algonac, Michigan
Edward Bass	Representative	Revco, Incorporated Deerfield, Michigan
Kenton D. Keilholtz	Representative Secretary-Treasurer	E. L. Wouthworth & Company Toledo, Ohio
C. E. Swartzbsugh	Representative	Swartzbaugh Mfg. Company Toledo, Ohio
Ralph Mack	Representative	Burnette Castings Company Hartford, Michigan
Sid Beach	Representative	Rite-Way Tool and Mfg. Company Detroit, Michigan
George A. Knight	Representative	George C. Knight Company Detroit, Michigan
Walter E. Pear	Representative	Moncarch Products Company Hazel Park, Michigan
G. E. Curry	Representative	Borroughs Mfg. Company Kalamazoo, Michigan
John Strickler	Representative	Technical Service, Inc. MPE Manufacturing Company Detroit, Michigan
Albert Olson	Representative	Odel Tool & Die Company Detroit, Michigan
Fred Wiswedel	Representative	Odel Tool & Die Company Detroit, Michigan
H. H. Crawford	Consultant	B & E Machine Products Detroit, Michigan

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REPRESENTATIVES OF SMALL MANUFACTURERS

ATTENDING MEETINGS

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REGION XII, MINNEAPOLIS, MINNESOTA

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September 5, 1945

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O. M. Kent	Regional Director	Smaller War Plants Corporation Minneapolis, Minnesota
Guy F. Jensen	Regional Loan Agent	Smaller War Plants Corporation Minneapolis, Minnesota
Lynn Hill	President	Sioux Falls Machine Works Sioux Falls, South Dakota
H. Utesch	President	Oxidite Battery Company St. Paul, Minnesota
Manley Jackson	President	Jackson Company North St. Paul, Minnesota
Gilbert R. Olson	Secretary	General Dairy Equipment Company Minneapolis, Minnesota
L. C. Trow	General Manager	Atlas Manufacturing Company St. Paul, Minnesota
Ray L. Lyon	Secretary	W. F. Haertel Products Company Minneapolis, Minnesota
P. F. Boeye	President	Modern Box Company Minneapolis, Minnesota
Mike Silverman	President	Silvercrest Industries Superior, Wisconsin
Cy Carlson	President	Carlson Wood Products Company Hibbing, Minnesota
J. B. McWethy	Pres. & Gen. Mgr.	Dakota Tractor and Equipment Co. Fargo, North Dakota
Joseph B. Bambenek	President	Peerless Chain Company Winona, Minnesota
A. R. Kleinschmidt	President	Mankato Ordnance Pool, Inc. Mankato, Minnesota

REPRESENTATIVES OF SMALL MANUFACTURERS

ATTENDING MEETINGS

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REGION XIII, SEATTLE, WASHINGTON

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September 6, 1945

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Howard H. MacGowan	Act. Regional Director	Smaller War Plants Corporation Seattle, Washington
Frank West	President	Assocaition of Washington Mfgs. Seattle, Washington
Glen Backshies	Manager	C. B. Van Vorst Company Seattle, Washington
Joe Burke	President	Burke Millwork Seattl Seattle, Washington
Mr. Seidelhuber	President	Seidelhuber Iron & Bronze Seattle, Washington
Mr. Colby	President	Colby Steel Company Seattle, Washington
W. H. Lohman	Owner	Acme Tool Company Seattle, Washington
Howard Barnes	Secretary	Federal Industries of Washington Seattle, Washington
Frank Hobbs	President	Colotyle Corporation Seattle, Washington
Don Peters	Manager	States Batteries Seattle, Washington
Mr. Hedeen	President	H & F Mill Company Seattle, Washington
Mr. Petrich	Co-owner	Marine Iron Works Tacoma, Washington
Joe Long	President	Atlas Foundry Tacoma, Washington
C. L. Murray	Manager	Acme Door Company Hoquiam, Washington

REPRESENTATIVES OF SMALL MANUFACTURERS

ATTENDING MEETINGS

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REGION XIII, SEATTLE, WASHINGTON

PORTLAND DISTRICT

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September 6, 1945

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Howard H. MacGowan	Regional Director	Smaller War Plants Corporation Seattle, Washington
George R. Moscrip	District Manager	Smaller War Plants Corporation Portland, Oregon
L. Perlot	President	American Life Float Company Newberg, Oregon
T. O. Toon	President	Coast Fuel Company Coosbay, Oregon
Mr. Fowler	President	Fowler Manufacturing Company Portland, Oregon
John Bristow	Manager	King Brothers, Inc. Portland, Oregon
E. H. Mann	Owner	E. H. Mann Company Medford, Oregon
R. W. Pointer	Owner	Pointer-Willamette Company Portland, Oregon
Johnson Stevenson	Treasurer	Steel Tank & Pipe Company Portland, Oregon
Asel Eoff	Co-owner	Keith Borwn Building Supply Company Salem, Oregon
C. B. Stephenson	Exec. Vice President	First National Bank Portland, Oregon
E. Don Ross	President	Irwin Hodson Company Portland, Oregon
J. T. Peterson	Manager	McCreery Manufacturing Company Portland, Oregon
Robert H. Dubois	General Manager	Oregon War Industries Portland, Oregon
Rich L. Reimann	Owner	Reimann & Sons Salem, Oregon
A. L. Powers	Vice President	U. S. National Bank Portland, Oregon

REPRESENTATIVES OF SMALL MANUFACTURERS

ATTENDING MEETINGS

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REGION XIV, LOS ANGELES, CALIFORNIA

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September 5, 1945

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Robert S. Breyer	Regional Director	Smaller War Plants Corporation Los Angeles, California
D. L. Bouse	District Manager	Smaller War Plants Corporation Phoenix, Arizona
Alfred P. Ludwig	Partner	Oedekerk & Ludwig Pasadena, California
Arch Hotchkiss, Jr.	Owner	Universal Engineering Company San Diego, California
M. S. White	Vice Pres. & Gen. Mgr.	Taft Alloy Steel Company Taft, California
Ralph Pryne	President	Pryne & Company Los Angeles, California
H. J. Smith	President	Ward Heater Company Los Angeles, California
T. D. Darlington	Manager	Airesearch Manufacturing Company Arizona
Frank Der Yuen	Vice President	Harlow Aircraft Company Alhambra, California
Gray Madison	Representative	Metalcraft Manufacturing Company Phoenix, Arizona
J. G. Campazzie	Exec. Vice-Pres. & Gen. Mgr.	A. T. Case Company Los Angeles, California
Edward Sanford	President	Saval Company Los Angeles, California
B. F. Flynn	Representative	Pacific Soap Company San Diego, California
Frank A. Emmet	Representative	Frank A. Emmet Company Los Angeles, California
Jack Schacher	Representative	Bell Lumber Company Bell, California
Raymond C. Buck	Sales Rep. & Co-partner	Bray Optical Company Los Angeles, California
William A. Allison	President	Allison Steel Manufacturing Company Phoenix, Arizona

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SMALL PLANTS SPEAK FOR THEMSELVES

CHAPTER III

FINANCING

SMALLER WAR PLANTS CORPORATION

SMALL PLANTS SPEAK FOR THEMSELVES

Chapter III

FINANCING: Small plants need money for reconversion and for future expansion, at reasonable interest rate --- banks unable to meet needs.

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"The primary problem of small business today is financing," said Richard H. Shanaman, secretary and treasurer of the Electric Power Equipment Corporation, of Philadelphia.

The same opinion echoed throughout the country as small business men met in 16 cities with Smaller War Plants Corporation officials and they expressed their needs for reconversion and post-war prosperity.

"Financing of long-term loans is what we need more than anything else," said Allen A. Burleson, partner in the B-M Machine Works of Moosic, Pennsylvania.

Some of the plants need money now to see them through settlement of their government contracts, or pending tax refunds. Others would like to borrow money to buy surplus property or machines. Still others, looking further ahead, are planning new buildings and other expansions.

The following excerpts from statements of small businessmen leave no doubt that they believe they will need the same financial assistance

in the reconversion and peace period that they have been receiving from SWPC during the war.

Simeon Janes, S & S Tool & Mfg. Co., Detroit, Michigan:

"We believe that a great many small businesses are in the same position as ourselves in that, after deduction of taxes and renegotiation payments, the companies are badly in need of working capital. SWPC can be of great assistance in furnishing the necessary working capital for such financially embarrassed companies. Such loans should extend for a five-year period and should be serviced by SWPC."

D. F. Walters, Regal Manufacturing Company, Coldwater, Michigan:

"Just at the moment, we are not too concerned about machines and material. In our plant, we are very much concerned about money .....My belief is that SWPC should liberalize its regulations on making production loans. SWPC loan regulations should be so set up that you can get some sort of a loan on anticipated business."

Jack Schacher, Bell Lumber Company, Bell, California:

"The financial arrangements that Smaller War Plants Corporation has to help small businesses is very essential and should be continued during peace time inasmuch as many companies have overstepped their boundaries and will still need to be in business and will need financial aid during the reconversion period, especially in view of the fact that small industry due to the very heavy tax burden has not been allowed to build up great cash reserves."

C. F. Holloway, Sect'y & Treas., Wood-Metal Industries, Inc., Kreamer, Pa.

"We believe that there should be provision for loans through SWPC for expansion of facilities..... Financial assistance is needed for purchase of surplus equipment."

Harry N. Popky, Treasurer, Laux Manufacturing Company, Wilkes-Barre, Pa.

"What small business needs is long-term financing on a standard commercial business basis."

George E. Bass, Pres., Ferracute Machine Company, Bridgeton, N. J.

"Concerning refunds on tax renegotiation --- since it will take us some time to collect that money, if we could get a law passed to provide Government credit to small business pending return of this money, it would be very helpful."

Edward A. Brass, Owner, Shops of Edward A. Brass, Shreveport, La.:

"Financing continues to be one of the principal problems of small business. I have had my time with banks. I have been thrown out of them and back into them, and if it had not been for SWPC, I don't know what we would have done during the war. We were one of two contractors in the nation on one of the most difficult items produced for the War Department. All the way through we had the help of SWPC ..... If SWPC can continue in the future as it has in the past, I think it should have a one-step lending program. --- I think it should all be handled by SWPC and the banks. The banks have their limitations, and small industry must have some kind of stop gap between it and the banks..... If you tie the lending powers of SWPC, we will be right back where we started."

Sidney Schwartz, Vice President and Treasurer, Mifflinburg Body Works, Inc., Mifflinburg, Pennsylvania:

"In order to accomplish the effective means of competition with big business, small business requires the financial assistance of SWPC. Long term financing is an essential requirement of small business to compete effectively with big business who have this valuable resource."

H. H. Heeman, Soya Processing Company, Wooster, Ohio:

Hopes that some government organization will be in existence to aid small plants in unusual financing problems.

R. R. Stratton, Van Dorn Iron Works, Cleveland, Ohio:

Believes that the matter of financing beyond the ability of the banks to provide will be very much needed by small plants during the reconversion period.

"Loans are a very definite service and should be continued at least for the time being."

B. H. Hunter, Hunter & Company, Cleveland, Ohio:

Sees an immediate need and undoubtedly one which will last for some time for adequate financing of small plants which have developed new products and now need sufficient funds to get into production and to market their product. His own company has developed a new product through war activity but will have to turn it over to someone else unless he can obtain sufficient funds with which to produce and market it.

"Because of high taxes and necessary equipment, our profits were small. You are all familiar with a small plant starting from scratch. All of our earnings have gone into equipment. If you are able to change your equipment over to making a civilian product in a short time, it isn't necessary to have long range financing. However, for over three years we have faced this situation. Our profits are involved in our equipment. There is only a small portion of our equipment that we can use in making our civilian product. Now the small organizations are faced with the necessity of either securing financing from some organization able to handle equity financing which usually involves transferring of ownership or financing from an agency such as SWPC. We have 180 employees, 60 of whom are layed-off and ½ of whom we could probably re-employ."

Many of the small manufacturers frankly expressed their opinions that banking and normal financial channels could not meet their needs.

Alfred P. Ludwig, partner, Oedekerk & Ludwig, Pasadena, California:

"Without financing from the Smaller War Plants Corporation, it would have been absolutely impossible for my company to have taken this contract because of the fact that the Bank of America, Pasadena Branch, had refused to participate in the loan, nor would any other bank accommodate us."

John H. Grayson, Partner, Lowell & Grayson, Monrovia, California:

"The above program was made possible solely by a loan made through the Smaller War Plants Corporation. In view of the fact that I was in the pioneering field, I learned very quickly that I could not make the kind of loan my firm needed through the ordinary banking channels. It is my belief that in the immediate future, say for a period of two years, the Smaller War Plants Corporation should engage in the following operations:

Manufacturers whose capital is tied up in inventory will need financial help from reconversion and readjustment after the strain of war production, and last but not least, Smaller War Plants Corporation can give aid to small industries in securing subcontracts for them from larger concerns."

Hartley Jackson, Prop., Jackson Manufacturing Company, Kansas City, Mo.:

"Needing financial help some time ago to fulfill a war contract, I first approached my local bank and was turned down. I then applied to SWPC and was immediately accepted. Before the loan negotiations were completed, however, my bank, having learned of the transaction, saw fit to reconsider and readily make the loan."

Arch Hotchkiss, Jr., Universal Engineering Co., San Diego, Calif.:

"I am of the belief that Smaller War Plants Corporation should by all means continue to aid and assist small industry in the first two years post war. The main need right now of small industry is mainly financial help during the reconversion era, and that help, we believe, must come from Smaller War Plants Corporation due to the fact that San Diego banks due to the fact that the area has not been industrial are still ultra conservative and are conducting depositaries, rather than money lending institutions."

Gray Madison, Metalcraft Company, Phoenix, Arizona:

"Smaller War Plants Corporation should continue to aid small industry in needful and helpful financing, particularly during the reconversion period when working capital becomes a great consideration. In short, Smaller War Plants Corporation can be helpful in loans that the average bank will not venture to make."

E. J. Stewart, President, United Metal Seal Company, Boston, Mass.:

"I suggest that SWPC undertake: (1) That SWPC stand ready to supply the financial needs of small industry, because the banks are not doing this job."

L. W. Lord, President, Plastic Wire and Cable Co., Norwich, Conn.:

"SWPC is the only agency we know of, that can take care of our

financial needs during our reconversion to peace-time production. The local banks are very nice to us and the community is appreciative of the employment of 4,600 we have given to its citizens, but no money is forthcoming to us from local banks, on the grounds that we have no peace-time earning record."

Lloyd B. Dunne, Pres., Northern Aristook Startch Co., Inc., Fort Kent, Maine:

"We will need SWPC financial aid. This is not available at our local bank. Our first loan for the starch factory was only $40,000 but the local bank turned it down and would not refer it to a pool, because two of the directors had interests in two other starch factories 18 miles away - these factories were antiquated and not suitable."

Russell C. Maintain, Pres., Maintain Store Engineer Co., Boston, Mass.:

"In my own case I have presented to my bank a plan for the post war financing which I feel I shall need. It is an expansion plan which I believe to be sound and needs to be taken by my Company if we are to make progress. My bank's attitude is negative and I am planning to turn to the Smaller War Plants Corporation for assistance.

"Specifically I feel that private banking is not going to supply the needs of small business and that some government agency will have to do so. I feel that the SWPC is better qualified than any other government agency I know."

William H. Perry, Pres., Cambridge Paper Box Company, Cambridge, Mass.:

"It is my opinion that SWPC has been closer to the small business man and his problems than any other government agency in our lifetime. From my experience there will be financial needs of the small plants which must be filled by either private banking or a government agency and to date it is evident that private banking is not going to assume this job."

Stanley C. Bell, Quillen Bros. Refrigerator Company, Indianapolis, Ind.:

"In our particular case we are planning the erection of a new

factory and will need assistance in financing this project. In this regard SWPC can be of material assistance to us in aiding us to secure a government loan in which our bank will participate."

A prominent Tacoma, Washington, banker freely admitted that, in his personal opinion, banks would be unable unassisted to provide the credit necessary for small business expansion. Restrictions on banks, particularly national banks, will make government assistance necessary, he stated.

C. T. Chandler, Vice Pres.-Cashier, National Bank of "ashington, Tacoma, Washington:

"In the past two years and particularly the past few months, there has been considerable discussion among bankers with respect to the need for the Smaller War Plants Corporation or similar governmental agencies to provide capital to small businesses for their operational requirement in the postwar conversion era. While the following opinions are personal, the reasons prompting them are the result of a close working relationship which has existed between National Bank of Washington and the Smaller War Plants Corporation and which has, I believe, been of distinct advantage to small business firms.....

"In my opinion, these small firms have done a splendid job. Their workmanship has usually been of the best ..... small businesses are now in a position to resume their normal business operations and most of them will require financial assistance not only for reconversion and for needed capital improvements but in many cases for working capital.

"Because of restrictions placed on banks, national banks particularly, it will be most difficult for banks alone and unassisted to extend credit to these many small firms for plant expansion or for the manufacturing of their normal type of finished goods. By having available government agencies who will participate to a substantial extent in underwriting the risks that may prevail during the precarious period ahead, it will be possible for banks to not only serve these individuals in the conversion period but, also, will place at their disposal capital that will

be necessary for them to regain through peace time profits the losses they may have sustained during their war time operations. Moreover, banks who are service minded, which have as their primary objective the welfare of the communities they serve, can through such a spreading of individual risks do a far greater and better job.

"It would seem to me that banks should be aggressive now in their attitude toward the extension of credit and particularly so during the next year. They should take an active part in counseling with these small business firms, and when additional working capital or capital for plant expansion or improvements is necessary, process such loans as may be advisable through the Smaller War Plants Corporation. The need for such financing will be acute, I believe, during the latter part of 1945 and may extend through 1946 .....

"After all, the safeguarding and preservation of the economy of our country during the troubled months ahead is of vital interest to every American citizen, and regardless of our personal political affiliations, we should all strive to protect and conserve small business which has and always will be the backbone of our industrial economy. Small businesses need help now and government agencies as well as private business should focus their efforts in providing them with financial assistance as may be required."

Some of the same sentiments were expressed by an Akron, Ohio, banker. E. S. Patterson, President of the First Central Trust Company of Akron expressed the belief that SWPC should maintain a close contact with the local banks, in order to give them full information as to its available services. He stated that many and diverse problems of small plants are brought to the bank and he believes the banks would be very glad of an agency to whom these problems might be referred. SWPC could be of considerable assistance to small business in this connection, he said.

Interest rates on loans to small business, whether made by a

government agency or private enterprise, must be reasonable and comparable to those paid by big business, stated several of the small manufacturers. Others protested against proposals to limit the amount of a loan which could be made by SWPC.

R. W. Hendry, Pres., Hendry Lumber Company, St. Petersburg, Florida:

"SWPC should make available money for civilian production on the same basis that competitive concerns in the north obtain it from banking, insurance companies, and others."

W. C. Meloon, Pres., Pinecastle Boat Company, Pinecastle, Florida:

"Money should be made available to small business at a rate comparative with the thought expressed by Mr. Hendry."

M. M. Oille, Treas., Globe Aircraft Corporation, Fort Worth, Texas:

"We would not like to see a $250,000 limitation on SWPC loans as provided for in proposed legislation. Some people might say that a reasonable limitation should be placed on the aviation industry. We are a small producer in our industry. We will require approximately $6,000,000 in the future, maybe at least a $1,600,000 revolving fund. I think we will be able to employ 750 workers which will take care of part of the unemployment. At this time we are trying to employ largely veterans, particularly out of the Air Forces because they are aviation-minded.

"When it comes to financing --- if the large concerns want money they go to New York and get the best terms. Our capital at the present time is a little better than a million dollars, but considering the aviation industry, it is only a drop in the bucket...

"As far as bank participation is concerned --- we started with SWPC when the banks did not participate. On our second loan, the local bank agreed to a 20 percent participation and one bank in Dallas offered to make an additional 30 percent. An insurance plan similar to FHA is needed by small industry and would be very helpful."

The group, which met at San Francisco, adopted a resolution, which

stated:

"It is the consensus of this group that definite steps should be taken to perpetuate the services rendered and the loans granted by the Smaller War Plants Corporation in order that there be an organization whose sole duty will be to look after the interests of small business so that small business will know whereof they stand in future commitments.

"It is the consensus of this group that all present limitations in the law restricting loans to essential small business be eliminated and the loaning ability of the Corporation be made available to all and any types of small business."

Other opinions on financial needs of small business follow.

E. A. Callanan, Pres., Brown Rubber Company, Inc., Lafayette, Ind.:

"Financial assistance - loans. It seems to be the previous success history of Smaller War Plants Corporation in dealing with financial loans to the little fellow could be expanded to carry on in the post-war period, more or less along similar lines. Right now there are a number of small machine shops making tools, dies, and other items for civilian production that need financial assistance to rehabilitate their equipment and modernize their facilities to care for the unusually large demands they now are beginning to receive from industry as a whole."

Michael J. Layden, Vice Pres., Vacuum Can Corp., Chicago, Illinois:

"The finance division of Smaller War Plants Corporation is as necessary today as it was during the war. Many small plants who did not require financial aid in their war work, may need help during or after reconversion. Also, there is room in small business for the returning G.I.'s. The finance division, cooperating with local banks, can save many servicemen from the loan sharks."

Frank Oliver, Oliver Machine Tool Company, Downers Grove, Illinois:

"As renegotiation and taxes have stripped the small manufacturer who had no previous peacetime tax base of practically all profits, it has been impossible to build up any cash reserves, the only asset of many corporations being their expanded facilities. It is needless to say that the banking laws of most states preclude

assistance to such small manufacturers and the attitude of all banks makes it useless to appeal for funds for production expansion. The Smaller War Plants Corporation can fill this gap to great advantage and lasting benefit to the country and its production facilities."

John Dawes, President, Moore and Company, Inc., Worcester, Mass.:

"My company did not make enough during war time to lay up any reserves for post war production and promotion. We will need the help of SWPC to tide us over the difficult period that will face many small business men in the next two years."

J. D. Shaw, Owner, Rose City Packing Company, Tyler, Texas:

"In the matter of long-term loans, there are some occasions when little business needs terms in excess of ten years. I am thinking particularly of loans on permanent buildings. Ten years sometimes will not be enough on buildings."

Frank Der Yuen, Vice-Pres., Harlow Aircraft Company, Alhambra, Calif.:

"I believe that Smaller War Plants Corporation can aid us in obtaining working capital loans for civilian products in much the same way as they did for the war products. Smaller War Plants Corporation was not permitted prior to this time, under rules and regulations, to finance other than war contracts. But that is one place where Smaller War Plants Corporation could help us now."

SMALL PLANTS SPEAK FOR THEMSELVES

CHAPTER IV

MARKETING

SMALL PLANTS SPEAK FOR THEMSELVES

Chapter IV

MARKETING: Small Plants ask continued assistance in getting subcontracts --- some government contracts available in peacetimes --- market surveys, exhibits, directory of facilities, market centers, products fairs suggested --- export information and assistance needed, if small plants are to share in foreign trade.

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A plant --- big or little --- must sell its products to exist.

This elementary principle of trade presents many problems to the small manufacturer, particularly at this time. For two, three or four years, many small plants have had but one customer --- Uncle Sam. Now that their war business is ended, they must find new buyers. All can not go back to their pre-war operations. They want new products. Many have expanded greatly and they must continue to operate expanded programs, if we are to have full employment and full production.

Few small plants can turn out the larger finished products --- automobiles, washing machines, radios, farm machinery. They can make parts of these products. They look to subcontracting opportunities to keep them in business.

Others look to a share of a great foreign trade. Government

buying will continue for several years. Huge public works programs are planned.

There is a tremendous peacetime production job to be done. The problem is spreading it among the widespread production machine built up during the war period.

Small manufacturers who attended the meetings held by Smaller War Plants Corporation have offered many tangible suggestions as to how they think this may be done.

M. W. White, Vice President and General Manager, Taft Alloy Steel Company, Taft, California:

> "One of the greatest lessons that industry has learned during the war has been the advantage of subcontracting. Many large firms which did not dare to subcontract before the war, or who at least thought it was impractical, now have learned how advantageous it can be ..... If Smaller War Plants Corporation's facilities can now be turned to the liaison work between peacetime manufacturers and subcontractors, a definite service may be possible to small firms which otherwise may have difficulty in locating proper contacts."

Alfred P. Ludwig, Oedekerk & Ludwig, Pasadena, California:

> "The quickest possible way for us to get into post-war work at this time would be a sizeable contract from some large company. As an example we have read in the papers where Henry Kaiser is going to build an automobile. We could build a piece of that automobile, say on the next contract for the next six months or a year. We have the equipment. We have the organization set up ready to go. On the same basis that we could produce rockets in two weeks, we could produce those pieces in two weeks. Now, this would have a twofold purpose. It would give some large manufacturer a product immediately and would give us a chance to reconvert."

Frank Der Yuen, Vice Pres., Harlow Aircraft Co., Alhambra, Calif.:

"I believe Smaller War Plants Corporation can help us obtain subcontracts in the future as they have in the past."

R. R. Stratton, Van Dorn Iron Works, Cleveland, Ohio:

Expressed the opinion that a permanent organization to assist small business would fill a very definite need. Stressed the matter of sub-contracting both for the purpose of securing work and also placing work.

"Particularly from the standpoint of distributing sub-contracting possibilities to people that have open capacity and assisting those people who are looking for subcontracting sources to place their particular type of work. I know from experience in my business, Cleveland concerns are looking for work for their shop and they are unable to locate it and as a result they will send a representative to Toledo, Buffalo, Rochester, etc., trying to find some subcontracting to bring back to Cleveland. At the same time, there are firms in Cleveland which are sending representatives to Toledo, etc., seeking open capacity, whereas if there is a central screening point that people can turn to and get together from the standpoint of placing and accepting subcontracting work, a tremendous service could be rendered."

R. C. Buck, Bray Optical Company, Los Angeles, California:

"I believe that Smaller War Plants Corporation should be the means of giving my company post war aid in securing subcontracts for us. There has been a tremendous amount of precision metal work or in glass to the satisfaction of the big manufacturer and on a price basis that will be agreeable to him because our overhead is small which allows us to be in a strong competitive position."

R. W. Hendry, Pres., Hendry Lumber Company, St. Petersburg, Florida:

"If SWPC could utilize the same organizational set-up they now have in contacting mail order and chain stores, wholesalers, large retail outlets and other sources of distribution in regard to their requirements, and that drawings be prepared together with bid forms and competitive bids obtained through SWPC, it would be most helpful to the reconversion picture. The first

move would be a survey of markets that Florida could best serve with the least competition from big business."

The following statement from a South Dakota manufacturer gives a tangible example of how subcontracting can benefit small plants. He obtained a postwar subcontract, too big for his plant to handle alone, and shared it with other small plants.

Lynn Hill, Pres., Sioux Falls Machine Works, Sioux Falls, South Dakota:

"We recently obtained a post-war subcontract from the "Ford" company in Detroit. It was too large and the work too variable to be handled in our plant alone. SWPC furnished us with the names of other plants in this area that could help us complete the work. As a result several plants benefited. There will be more post-war subcontracting work available and we would like to see the SWPC maintain a service of this kind during the post-war era."

The resolution adopted at the San Francisco meeting provided:

"It is the consensus of this group that the procurement and subcontracting activities of the SWPC be given full authority to continue these activities agressively with state, county, city, civilian manufacturers, public utilities and other large private firms."

William Glover, Jr., Cleaners Specialty Company, Kansas City, Missouri:

".....I suggest that SWPC continue its subcontracting activities. I am at present seeking outside sources for certain components. From SWPC's vast facilities records, prime contractors of civilian items could find ready assistance to meet their needs."

From the Seattle meeting came the following report regarding government assistance in marketing:

"That a great contribution to the development of industries could be made by SWPC, through giving assistance in selling and merchandising ..... Aside from advertising agencies, there were no merchandising councils, in fact, there was no place for the small

manufacturer to turn for instruction in merchandising, or for information as to markets, mark-ups, types of selling programs, etc., and similar factors essential in the successful presentation of an item on the market.

"The Association of Washington Industries insists that assistance of SWPC is even more important in peacetime than in war in securing a share of Government procurements for small producers throughout the country. In this they are supported by the Chambers of Commerce and by many extremely pertinent examples ..... With a large Army and Navy to swell the Government procurements of the future, they feel that a program to spread procurements throughout the Nation could be of the greatest assistance to small producers.

"In order to overcome what they term 'trick specifications' and the concentration of all purchases with a few large corporations, they want SWPC to contract for large blocks of these procurements and distribute them."

Several small manufacturers are of the opinion that some government business still will be available during the reconversion and peacetime periods.

Frank Oliver, Oliver Machine Tool Company, Downers Grove, Illinois:

"Always, of course, the government has been buying. She was buying before the war and will continue to buy after the war. The rearmament program --- the greatest difficulty we had was getting our feet in the door so far as government agencies were concerned. I didn't know one buying agency from another. I jumped around for months before I began to find anything out. I believe Smaller War Plants Corporation, if they are able to carry on, could be a lot of good in the purchase of government contracts that are coming up just as they have done during this war period. Because by and large most of the procurement (of course there has been large procurement even in normal time) has gone through Washington. There is some very nice business to be had and I believe Smaller War Plants Corporation could be a lot of assistance."

Ray Mansman, Schnable Company, Pittsburgh, Pennsylvania:

Expressed an opinion that an organization such as SWPC might well continue to be of assistance to small plants in the matter of government procurements.

D. L. Bouse, District Manager and Loan Representative, Smaller War Plants Corporation, Valley National Bank, Phoenix, Arizona:

> "From my practical observation of the Smaller War Plants Corporation operation in the state of Arizona, I am of the opinion that only through the assistance of this organization was it possible for our approximately forty Phoenix small plants to obtain contracts amounting to approximately $28,000,000, fourteen of which were inaugurated at the inception of the war. They have done a splendid job in their war effort, and at this time will need assistance from Smaller War Plants Corporation more than ever for the reason that they didn't have the manufacturing experience prior to the war, and to make it possible to continue furnishing employment to their several thousand workers.
>
> "They hope to have assistance in contacting larger manufacturers for civilian goods with whom they may be able to negotiate subcontract work."

It was an almost unanimous opinion that small business knows very little about foreign markets and if they are to share in this profitable trade, they will have to have considerable assistance.

M. Layden, Vice-President, Vacuum Can Company, Chicago, Illinois:

> "Most American manufacturers know how to handle their business but they do run into difficulties when they leave the shores of the United States because of rules and regulations being set by the Government from time to time, plus important restrictions. I don't know of anyone better qualified than this splendid organization. (SWPC)"

E. J. Stewart, President, United Metal Seal Company, Boston, Mass.:

> "I suggest that SWPC furnish assistance to small industry in getting a share of foreign trade."

E. A. Callanan, President, Brown Rubber Co., Inc., Lafayette, Indiana:

> "It is obvious, almost to all, that in the next several years

our country will be called upon by foreign markets for billions of dollars worth of exports. This is not only sure in the European markets, but it is also true in South America, the Far East, and especially so with our friends in Russia and China. Here is perhaps one of the distinctive golden opportunities for Smaller War Plants to help the 'little fellow' because most large manufacturers have the resources to develop these foreign markets through their own established export departments and agencies overseas. On the other hand, the manufacturer, say employing fifty or two or three hundred people, is without the machinery to capture his rightful share of these markets even though his products and prices would justify, through quality and performance, a reasonable sales volume abroad."

Joseph B. Bambenek, President, Peerless Chain Company, Winona, Minn.:

"The thing we would like to talk about is securing the help of the Smaller War Plants Corporation in the export field for chain."

John E. Mitchell, Jr., Pres., John E. Mitchell Co., Inc., Dallas, Texas:

"Give assistance in obtaining foreign business. There may be a good foreign field for the little man's product but his very size and ignorance of procedure prevent him from making the necessary connections and arrangements."

B. S. Gerson, National Formetal Company, Cleveland, Ohio:

"It might be that we will want to export --- if we do SWPC possibly can give us some date --- we don't know anything about that, although we know the national market pretty well."

J. G. Campazzie, Executive Vice President and General Manager,

A. T. Case Company, Los Angeles, California:

"Smaller War Plants Corporation should be able to see to it and equipped to see that this is done so that small business can participate equally with large business in obtaining access to world markets. It might be even possible for Smaller War Plants Corporation to establish a branch of its organization that would act as a clearing house and a general sales agent for small plants in all parts of the world. The effort incidentally on

the part of small plants now to gain entry into foreign fields is very expensive and practically prohibitive in cost.

"In short, Smaller War Plants Corporation can well afford to set up a department of securing foreign country procurements for peacetime in the same manner it secured wartime procurements for small industry in the United States during wartime."

Clyde H. Smith, President, McGann Manufacturing Company, York, Pa.:

"There is a tremendous market of foreign trade available. We say that there should be a closer co-operation between the sales organization of SWPC and that it should be enlarged on an intelligent, more agressive basis in order to give small business a chance to bid.

"We say that SWPC could very well set up an advertising and promotion department to promote the products of small business not only within the States but in foreign countries. We think that would be a decided advantage."

Sidney Schwartz, Vice Pres. & Treas. Mifflinburg Body Works, Inc., Mifflinburg, Pennsylvania:

"We believe that SWPC must be maintained in order to give us an entree into the export market."

George R. Moscrip, District Manager, Portland, Oregon:

"A Government agency is needed which is well acquainted with our own personal problems and which has offices located in the field with whom we can readily get in touch to furnish us with marketing information, both domestic and foreign. This should cover the furnishing of all information necessary as to available markets; packaging of materials; documents necessary to conduct business with a foreign country; and all other necessary information to conduct this type of business."

R. W. Pointer, Pointer-Willamette Company, Portland, Oregon:

"Another thing I have been thinking is that the ordinary small manufacturer has had very little experience in the export business. We think we have products which we can export all over

the world. If the SWPC could give us some assistance in the procedure and methods to follow in handling export business, it would greatly help us in establishing new markets and thus retain our present employees."

Mr. Pointer said he had been trying to get the right kind of help on this export problem, but he is forever running into laws and conditions that almost prohibit sending things out of the United States, even to Canada. In trying to export to Canada, he couldn't find out anything in Oregon or Washington or British Columbia on procedure and finally had to go to Ottawa. Same thing applies to Mexico. There are so many laws and conditions and provisions holding you back that by the time you could get things cleared to export into Mexico, the Mexicans will have built all their own equipment, he said.

A novel idea was suggested at the Tampa, Florida, meeting, where small manufacturers are looking to South America as a possible market for their products. They suggest fairs and sample exhibits of small plant products in Central and South American cities.

M. B. Kennedy, Vice Pres., American Machinery Corp., Orlando, Florida:

"A sample fair loaded on six large Army trucks taken to the distribution centers of the countries in Caribbean, Central and South America would produce most of the business required by the southeastern states, and that as a guinea pig it would be well worth while to compose these first exhibits of the states of Georgia and Florida. Issue invitations to buyers and distributors in Central and South America and Caribbean countries to visit their principal commercial centers where these sample exhibits would be held for a period of three to five days, giving them ample time for inspection and to register their requirements, which could be relayed back to the manufacturers of those items in which the buyer was interested."

E. L. Taylor, Pres., Fort Pierce Boat Works, Fort Pierce, Florida:

"In my opinion, the greatest possible benefit that small business could procure today would be through Smaller War Plants Corporation conducting a sample fair to the South American, Central American and Caribbean markets. Our liaison specialists should go into the national market and invite procurements which could have the

benefit of competitive bids from several sources through Smaller War Plants Corporation assuring the purchaser of quality and price obtained by only competitive bids and assuring the manufacturer of capacity output on the present depleted market. Government departments with post-war plans for construction, etc., could largely place these items through Smaller War Plants Corporation."

Other general suggestions include market surveys; a directory of small plants and their facilities; and market centers. Almost all meetings agreed that small business badly needed general information on marketing.

P. Duncanis, Pres., Pan-American Metal Products Company, Miami, Florida:

"In our case we could be most benefitted if SWPC would establish a policy whereby, through market surveys or otherwise, small business could determine market requirements. Until this survey is completed for their inspection that they be permitted to retain federally owned machine tools and other equipment on lease, which they would be pleased to warehouse without cost and without use, as the aforementioned market survey might develop real needs for this equipment, and they could purchase same on some fair basis, rather than lose the possession of this machinery and then go into the open market to procure same."

Michael J. Layden, Vice Pres., Vacuum Can Company, Chicago, Illinois:

"This organization (SWPC) is badly needed to advise small business on marketing and market surveys. It can help attorneys for small business in expediting patent matters. SWPC can do much to advise business in the complicated matters of foreign trade. Their work would not in any way conflict with the good work now being done by the Bureau of Foreign Commerce in Washington, nor would their work be in duplication of the work now being done by the branch offices of the Department of Commerce in principal cities of the United States. These branch offices, maintained by the Department of Commerce, can be kept very busy assembling statistical and important economic information.

"Because of changing economic conditions throughout the World, most foreign trade publications are obsolete before leaving the printers. SWPC could maintain active contact with the Bureau of Foreign Commerce in Washington and with its branch offices, and

keep small business currently advised.

"SWPC could take the lead in organizaing merchandise fairs at which the producers from all foreign lands could come and display their merchandise. If this is done, the United States export business will come to us almost automatically. Too much stress is being given today on exports, and very little consideration is being given to imports."

W. C. Meloon, Pres., Pinecastle Boat Company, Pinecastle, Florida:

"A comprehensive market survey of both domestic markets and those of Caribbean and Central and South American countries would give small business a market for the future without the competition of big business at such time as big business competition became more acute and might create the difference between failure and success."

Augustus Goetz, Vice-Pres., Ocean City Tent, Co., Ocean City, N. J.:

"We feel that if SWPC could provide a marketing center for our products, it would fill a great need. A market for both local and export."

H. L. Hays, Jr., Pinkerton Lumber Company, Perry, Florida:

"We believe a directory of smaller war plants together with a listing of products they produced and their facilities for production of other products, placed in the hands of wholesalers and other distribution sources, would be of great assistance. This directory should also be indexed alphabetically and industrially."

T. D. Darlington, Mgr., Airesearch Manufacturing Company, Arizona:

"I believe that Smaller War Plants Corporation should interest itself in a broad way to bring about mass education, as it were, of the small industry to bring before them the tremendous selling problem that confronts them, the things that they must learn with reference to marketing, advertising, etc., in order to keep alive."

Edward Sanford, Pres., Saval Company, Los Angeles, California:

"I am also of the opinion that Smaller War Plants Corporation

should be in a position due to its national scope to give small industry marketing information not only as to what products to make, but how to sell the same."

John H. Hays, McGlynn, Hayes & Company, Belleville, New Jersey:

Mr. Hays expressed the opinion that assistance in export work would be very helpful. He suggested what might be called a Foreign Trade Bureau in SWPC to which a manufacturer could come with his export problems and for assistance in learning what were the markets abroad.

Arch Hotchkiss, Jr., Owner, Universal Engineering Company, San Diego, California:

"And last, but not least, I am also of the opinion that Smaller War Plants Corporation should be in a position to give us merchandising assistance in showing us ways and means of disposing of our products on a profit basis."

M. S. White, Vice President and General Manager, Taft Alloy Steel Company, Taft, California:

"In the field of marketing, so many developments have occurred in the last few years to make this a highly specialized science that the little fellow is sadly outclassed when he tries to buck the influence and efficiency of the sales and advertising departments of large companies."

V. H. Gillespie, Owner, Gillespie Engineering Co., Inc., Handley, Texas:

"We want SWPC to continue the Engineering Division --- that is the division which surveys the job and they can advise the manufacturer how or what you can make efficiently and at low cost. We want the continuation of the division that goes out to the plants and advises what can be made, and how, for use in this area. If this service in continued, we are not going to have any trouble. We are the smallest of small business, and I think everyone of you gentlemen will agree that you have to expand your business or quit.

"Yes, we want to see SWPC continue in some lasting form. We

think such an organization can do much for small business in the way of engineering assistance, assistance in obtaining peace-time contracts with big business, provide loan assistance for expansion and other needs, and possibly even to assist us in problems of merchandising and distribution."

E. H. Gillette, Chairman & Treas., Allied Control Company, Inc., New York, New York:

Mr. Gillette expressed the opinion that one way in which SWPC could be really helpful to small business was in assistance in marketing problems. This suggestion brought an immediate and very enthusiastic response from the whole group. It was quite apparent a majority of those present were already facing the question of distributing new products which they had in mind in order to use their expended manufacturing facilities. This emphasis on assistance in marketing problems of small business was perhaps the strongest made during the meeting. Surveys of all kinds of markets were strongly suggested in order that the small businessman might come to SWPC with a product and receive real assistance in finding out how much the market was, whether in this country or abroad, and what the possibilities were for the manufacturer in producing that particular product.

CHAPTER V

TECHNICAL ADVICE

SMALLER WAR PLANTS CORPORATION

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SMALL PLANTS SPEAK FOR THEMSELVES

Chapter V

TECHNICAL ADVICE: Small business looks to government for technical advice --- suggest expanded service, including accounting, purchasing and other management information --- Patent Bureau proposed --- also national laboratory.

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Small plant owners and operators, who met with Smaller War Plants Corporation officials, feel that the government should provide them with far more technical assistance than has been available to them in the past.

Through its Technical Advisory Service, SWPC has acted as a clearing house in finding answers to problems which were hampering production of small plants. This information generally is confined to such technical problems as improved manufacturing methods, use of materials and substitutes and alien patents.

Small business men feel that the government also might provide them with information on accounting, costs, purchasing, and other management functions. Some propose actual engineering services, at a nominal fee.

They suggest an enlarged Patent Bureau which could aid small plants not only to obtain information on available patents but prevent them from infringing on patents unknown to them.

A national research laboratory was an almost unanimous proposal.

J. G. Campazzie, Executive Vice President and General Manager, A. T. Case Company, Los Angeles, California:

> "Technical Advisory Service is a possibility that should be borne in mind as potentially a great help to small business. How this shall be achieved is something for the administration of the corporation to work out. The organization of a central laboratory that will serve as a clearing house for technical problems would be helpful. The disadvantage that small business has always been confronted with, particularly where their products are of a technical nature, is that its funds have been limited when it came to research.....
>
> "Speaking further of research, the Smaller War Plants Corporation should continue its work on domestic and foreign patents as a clearing house that would give advice to smaller plants, and also conduct preliminary research for them."

Frank A. Emmet, Frank A. Emmet Company, Los Angeles, California:

> "Small business always has been handicapped by lack of complete data on markets. That is, markets available to him for his particular product, the proportions of his products that may be required in certain localities and some information as to how he might go about it; the types of business that distribute his particular product, and other information that will assist him in doing a better merchandising job. The big manufacturer, of course, maintains his own research department, spends a great deal of money and can afford to do so while a little man can't afford to do so, and he must depend on the Smaller War Plants Corporation to do this for him.
>
> "I believe this sort of information ties right in with the kind of information you have been giving during the war in your Technical Advisory Service, and I, of course, believe that this latter should be continued during peace time, but in addition to this, as I say, small manufacturers should have complete data and information that will guide them in manufacturing goods for a suitable market."

Manley Jackson, President, Jackson Company, North St. Paul, Minn.:

"Technical Advisory Service is very important to us in the future

and we expect to make use of it."

John E. Mitchell, Jr., Pres., John E. Mitchell Co., Inc., Dallas, Texas:

"There is a fine field of potential service SWPC could render --- that of accounting and tax advice service for small business.....

"Render technical assistance..... The little fellow cannot afford extensive research facilities, nor even channels of technical information commonly available to big corporations."

Augustus Goetz, Vice Pres., Ocean City Tent Company, Ocean City, N. J.:

"We feel that small business would benefit by establishing an engineering and development department where a small business man could go for an unbiased opinion."

Small business is willing to pay a reasonable fee for services, if government prefers to finance such a department in that way.

Max E. Cohn, Partner, Baltimore Legging Co., Philadelphia, Pa.:

"SWPC should have a survey made of certain plants, charging a reasonable sum, and advise these plants just what industry they should enter depending upon the equipment, labor, etc., they possess. This applies particularly during the reconversion period. If this advice is acceptable, the plant could become a specialist in that particular field."

Clyde H. Smith, President, McGann Manufacturing Company, York, Pa.:

"We suggest that Smaller War Plants Corporation build up an intelligent, comprehensive, well rounded-out engineering department to give to small business quick, intelligent service. Charge a fee if necessary, but certainly make that fee nominal.

"We say that a patent bureau should be established. These patents should be broken down into groups whereby patents applying to certain businesses will be readily recognized."

A "national laboratory in Washington exclusively for small business

and on a scale "comparable with the Mellon Institute" was the suggestion of Gray Madison, Metalcraft Company, Phoenix, Arizona.

Other suggestions follow the same trend.

D. T. Thompson, Owner, D. T. Thompson Company, Philadelphia, Pa.:

"If SWPC were set up permanently with engineering, procurement, financial and advertising services, it would enable a small man who could not carry the load of an engineering force, sales force, heavy advertising campaign, etc., and must buy in small quantities at premium prices, to build his business so that it would be more on a level with large business."

George R. Moscrip, District Manager, Portland, Oregon:

"A technical and research branch which would furnish answers to the more general problems by circulars such as are supplied by the U. S. Department of Agriculture and by the Superintendent of Documents in Washington for a small fee would be of great aid to the average small business man. Many also might want research specialists to come into their plants and survey their problems and furnish on the spot technical and engineering information such as is done by the Extension Services of the U. S. Department of Agriculture.

"Also of great assistance would be research bureaus, which could discover products in demand in both foreign and domestic markets to supplement the ideas of small manufacturers and aid those now finished with war time commitments and searching for new products with which to reconvert; which could further assist in developing proper marketing facilities for the individual producer; and

"Scientific and engineering laboratories, which could furnish data vital to successful manufacture of any product, but costly to a point that the average small business man could not afford it."

Information on patents was the most wide-spread need expressed by small manufacturers.

Alfred P. Ludwig, Partner, Oedekerk & Ludwig, Pasadena, California:

"Naturally the offer that Smaller War Plants Corporation makes to

us through its Technical Advisory Service is of tremendous interest to us, especially from the patent angle, because on such, we can obtain considerable additional advice as to the feasibility of manufacturing various of the German products from the California Institute of Technology professorial staff."

John H. Grayson. Partner, Lowell & Grayson, Monrovia, California:

"As an inventor I can also appreciate very much the Technical Advisory Service that is being given to American small manufacturers, making it possible among other things for them to have access to German patents. This alone will be of tremendous advantage to American industry if only they will use it. It would seem to me that in addition to offering Technical Advisory Service to the American manufacturer that Smaller War Plants Corporation must also use selling effort in getting them to use it. It is hard to get people to help themselves."

Arch Hotchkiss, Jr., Owner, Universal Engineering Co., San Diego, California:

"We also believe that San Diego industry could be helped by Smaller War Plants Corporation in an Advisory Service, not only in suggesting to us what products to manufacture for civilian use but also to give us Technical Advisory Service in the way of manufacturing proceedings as well as giving us patent office help and making accessible to us German patents."

Ralph Pryne, President, Pryne & Company, Los Angeles, California:

"In the matter of technical assistance, the small businessman finds such assistance prohibitive in cost if he goes to private sources, or he is unable to obtain help of any kind because he does not know where to turn in the first place."

Edward L. Espen, Vice President, Moss Rose Manufacturing Company, Philadelphia, Pennsylvania:

"We feel that a patent exhibit should be held every year or two. It is impossible for a small manufacturer to follow all the patents as they come out."

M. S. Merrill, Gen. Mgr., Merrill Engineering Laboratories, Denver, Colo.:

"A small businessman should have someone to help him so he won't get into infringement suits on the patents."

Edward A. Brass, Owner, Shops of Edward A. Brass, Shreveport, La.:

"SWPC definitely can render a service to small business by establishing a Patent Research Service. The average small man wants to make some kind of a gadget. They have all been working on some sort of patent and there is going to be a lot of them that will be stopped through patent litigation.

"We need engineering advice and the procuring of machinery should be definitely speeded up and some kind of a price schedule should be set based on the condition of the machinery. We have several pieces of equipment that will do three, four, or five years service that will get us through the reconversion period. We should be able to keep these machines in our plants under lease agreements. We now have idle machines, idle men and idle money. The thing that puts them all to work is management."

Michael J. Layden, Vice Pres., Vacuum Can Company, Chicago, Illinois:

"SWPC should expand and maintain its Division of Research. It should continue to advise small business on such matters as the purchase of machinery, materials, and plant sites."

The resolution adopted at the San Francisco meeting supported a greatly expanded technical service.

"It is the consensus of this group that an advisory service be established to enable small business to set up an accounting system showing costs, etc., in order that small business may intelligently approach financial problems. That the present Technical Advisory Service be implemented to include the establishment of a business advisory service."

From the Seattle meeting came the following report:

"In connection with the established functions of SWPC Technical Advisory Service, it was pointed out that SWPC could be of invaluable assistance in aiding small business to obtain and import

information and procedures.

"Most small manufacturers are at a definite disadvantage along this line, not having the financial resources to maintain such a staff."

Other opinions expressed on this subject:

A. E. Callanan, Pres., Brown Rubber Company, Lafayette, Indiana:

"Certain small manufacturers need assistance on the matter of securing licenses under patents now held by the large corporations. In most instances, big business will surrender these rights to their own competitors of approximately the same capital structure, but they will not relinquish them to the 'little fellow' even on a fee basis."

H. H. Heeman, Soya Processing Company, Wooster, Ohio:

Hopes that some government organization will be in existance to offer technical services to small plants which must undergo definite changes in their mechanical processes. He believes that there are many small plants such as his own which are sorely in need of this assistance.

J. Franklin Burke, Pres. & Treas., J. Franklin Burke & Company, Inc., New York, New York:

Suggested that assistance in development and research problems along the lines of our Technical Advisory Service be given. He believed this would be more and more needed and more and more helpful to small business. He believed the Corporation's activities could well divide themselves into three groups having to do with Finance, Marketing, and Development.

SMALL PLANTS SPEAK FOR THEMSELVES

CHAPTER VI

REPRESENTATION

SMALLER WAR PLANTS CORPORATION

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SMALL PLANTS SPEAK FOR THEMSELVES

Chapter VI

REPRESENTATION: Small businessmen express need for government agency to represent them before other agencies and in Washington generally--- also to present their needs to Congress --- big problem now is establishing OPA price ceilings.

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"Heretofore, I haven't been in a position to have anybody intercede for me in the high circles in Washington and other places."

This was the statement of Frank A. Emmet, of Frank A. Emmet Company, Los Angeles, as he met with other small manufacturers and Smaller War Plants Corporation officials to discuss postwar needs of small business.

Most of the manufacturers at the Los Angeles meeting and at 15 other meetings held in various parts of the country, under SWPC auspices, felt that they needed a government agency to act as their representative in dealing with other agencies and to represent them generally in Washington.

Many were particularly emphatic in the need of a representative for them in their dealings with OPA. Some were caustic in their criticisms of price ceilings set for their products.

In presenting their statements on this subject, we are letting them speak for themselves, as we have on the other subjects. Their criticisms do not necessarily represent views of SWPC.

Frankly, it should be pointed out that OPA's reconversion pricing program and procedures went into effect only recently. At the time these meetings were held, this reconversion pricing program had not been in effect long enough to determine whether it would correct the objections pointed out herein by small manufacturers. A general lack of knowledge concerning the OPA reconversion pricing program and procedures also has contributed to considerable misunderstanding and dissatisfaction among small businessmen. SWPC now is cooperating with OPA in setting up a joint training program, which it is hoped will give the small manufacturers the relief they seek in regard to OPA price ceilings.

The prevailing attitude toward OPA price ceilings was expressed by George Moscrip, SWPC District Manager, at Portland, Oregon, as follows:

> "At present there is a need for SWPC assistance in helping small manufacturers establish OPA price ceilings. One of the first steps that they must take in reconverting is to establish a price on the product that they propose to manufacture. We find that OPA has the habit of pricing these articles by comparing them with some article that is familiar to them and giving a corresponding price without going into the materials used or the cost to produce the product under consideration. In cases such as these, the facts need to be presented personally to OPA in Washington to receive fast consideration. Small business does not have representatives in Washington and cannot make frequent trips to Washington, so this sort of representation and assistance by a governmental agency is necessary."

However, some of the small businessmen were more critical.

John Bristow, Kind Brothers, Inc., Portland, Oregon:

> "We can't make our product to sell at the 1942 price now, but the government says we must. That is a problem for SWPC to work on."

Alfred P. Ludwig, Partner, Oedekerk & Ludwig, Pasadena, California:

"We also believe that Smaller War Plants Corporation is the only agency that can be of constructive assistance to us in helping us to get prices established on civilian products that we intend to make."

Arch Hotchkiss, Jr., Owner, Universal Engineering Company, San Diego, California:

"It is becoming more and more apparent every day that we are going to have need of considerable help from Smaller War Plants Corporation to intercede for us between small business in San Diego and the various governmental agencies such as Surplus Property and last, but not least, the OPA. The OPA price policy is so slow that a great many of our plants in San Diego are facing a shutdown with the consequence of still greater unemployment."

Ralph Pryne, President, Pryne & Company, Los Angeles, California:

"The necessary dealings with even just one government agency such as OPA will flounder the average small businessman. Right now he needs adequate and quick help."

H. J. Smith, Pres., Ward Heater Company, Los Angeles, California:

"On the day that President Truman declared the Potsdam Conference had been accepted, otherwise known as V-J Day, the president of the concern that makes our thermostats sat at my desk and said as follows: 'For three weeks, I have been working with the OPA endeavoring to get an increase in the price of the thermostat I build for you. You were my first customer. You put me up in business. I feel a moral obligation and you have given me a $17,000 order for thermostats. I have made an initial run. I have got my present day cost. It will cost me $25,000 to build your $17,000 worth of thermostats. I cannot stand the loss. I will not do it.' So that stopped us. That stopped him. Our men began to walk the streets and both he and I were unable to give them employment which would have been there had the price of our supplier been permitted to rise, so he could build, so we could buy, so we could put people to work."

Edward Sanford, President, Saval Company, Los Angeles, California:

"I am also of the belief that Smaller War Plants Corporation should continue to intervene, so to speak, between small industry and such negative governmental agencies as OPA. The pricing policies of the latter, unless they are soon rectified, may well be the means of destroying small industry."

B. F. Flynn, Pacific Soap Company, San Diego, California:

"I believe that Smaller War Plants Corporation could continue to serve as an attorney-in-fact for small industry, representing them and securing much needed help for them in their necessary contacts with various governmental agencies. At the present time, I am thinking more in particular of the very rigid pricing regulations of OPA unless Smaller War Plants Corporation goes to bat for us."

C. L. Eddlebulte, Timber Fabrications, Miami and Perry, Florida:

"One of the greatest hindrances to civilian production is the OPA method of establishing a ceiling price for a manufacturer, as they attempt to establish this price on a pre-war basis when in many instances lumber and labor in particular are considerably higher. Much of this material and labor is not available on local markets and must be procured in distant markets, involving considerable costs not encountered under normal conditions."

H. Utesch, President, Oxidite Battery Company, St. Paul, Minnesota:

"OPA price regulations are too complicated --- we need simpler pricing methods and it would be most helpful if SWPC could effect assistance along these lines."

Gilbert R. Olson, Secretary, General Dairy Equipment Co., Minneapolis, Minnesota:

"We are having serious problems with the price ceiling methods set up by OPA. We believe SWPC should work for simplification of pricing methods for us. This is a bottleneck seriously affecting post-war employment. The local SWPC staff has been very cooperative and helpful, but the Washington office should

battle strenuously on our behalf in this matter."

Ralph Mack, Burnette Castings Company, Hartford, Michigan:

"Before the war, our business was the manufacture of aluminum cooking utensils. We were cut off long before the United States got into war from our sources of raw materials because of overseas shipment. We immediately endeavored to convert our plant for war production. We were one of the first concerns to get a large cancellation because the particular item we were making was no longer needed. We immediately got authorizations for some civilian production. We applied to OPA for prices in October, 1944. This price question was not settled until May 1, 1945. That represented 7 months in which we had to take the risk of producing and holding what we produced in a warehouse. OPA is set up not to control profit but to control prices to customers. I think SWPC can play a great part in helping business by seeing that prices set by OPA at least cover costs and permit a fair margin of profit."

G. A. Beckhard, Treasurer, Charak Furniture Company, Boston, Mass.:

"SWPC has two very vital jobs to do for small plants: (1) Speaking for the furniture industry, something must be done to see that OPA does a quick and intelligent job of pricing. I have spent days and money in Washington and was assured that a satisfactory order would be issued. I return to my business to find that a week later an order was issued that will help only 3% of our industry. I am for control of prices to prevent inflation, but OPA is taking away all incentive with their present policies. SWPC should take an immediate interest in this serious problem and intercede with OPA for small industry."

E. A. Callanan, Pres., Brown Rubber Company, Inc., Lafayette, Ind.:

"There are many major problems which small business now has, which are seriously handicapping them, through certain OPA regulations and, in our opinion, Smaller War Plants could assist in minimizing these handicaps."

D. L. Bouse, District Manager and Loan Representative, Smaller War Plants Corporation, Valley National Bank, Phoenix, Arizona:

"Their experience with applications to OPA for ceiling prices on

new articles which they never manufactured before has resulted in closing down three small producers in Phoenix; namely; Johnson Brothers Manufacturing Company of Phoenix, who were making sprinklers; and Sullivan Manufacturing Company of Phoenix, who were manufacturing children's furniture and coat and pant hangers, and who were employing 15 disabled veterans who were all laid off when they found that they could no longer produce these articles at the price set by OPA. Now as to Tucson Machine and Engineering Company, Tucson, Arizona, also closed down. They were manufacturing automotive accessories pre-war. They say that the OPA price ceiling given them for their postwar products are less than the cost of manufacture."

All of the statements on this subject did not specifically pick out OPA. General representation is needed by small business, several stated. One suggested that SWPC devote its efforts to obtaining lower tariffs.

Stanley M. Wright, President, Wright & McGill Company, Denver, Colo.:

"Before World War I, our material was imported. This country is talking of lower tariffs. Someone should go before proper authorities with the facts to lower tariffs. SWPC, it seems, could help from that standpoint, and go before the State Department to lower tariffs."

T. D. Darlington, Mgr., Airesearch Manufacturing Co., Arizona:

"The continuation of the present liaison work with governmental agencies is going to be a valuable contribution of Smaller War Plants Corporation for sometime to come."

T. O. Toon, President, Coast Fuel Corporation, Coos Bay, Oregon:

"SWPC can perform great service to us in small business by acting as our lobbyist, as compared to the National Association of manufacturer, the U. S. Chamber of Commerce, or the lobbyists of General Motors, Ford Motor, and other large corporations, to see that a fair share is going to the little fellow and that all the rules and regulations are not written for the men on Wall Street"

Frank A. Emmet, Frank A. Emmet Company, Los Angeles, California:

"I believe that one thing that the government of the United States should do is to continue the same, not only for a period of two years, but for all time because it is my belief that for the first time in history of the United States has there been a government agency that was set up to be a sort of guardian for small industry and to look after their welfare. In my opinion small industry has been the prey of big business for entirely too long a time in this country, and all I want is for my small business to have a square break, but heretofore I haven't been in a position to have anybody intercede for me in the high circles in Washington and other places."

SMALL PLANTS SPEAK FOR THEMSELVES

CHAPTER VII

SURPLUS PROPERTY

S M A L L E R W A R P L A N T S C O R P O R A T I O N

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SMALL PLANTS SPEAK FOR THEMSELVES

Chapter VII

SURPLUS PROPERTY: From government-owned surplus, small business wants help in locating and buying machinery and materials --- some interested in plants --- big business has inside track --- prices considered too high.

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In discussing government-owned surplus property, small manufacturers expressed an interest in acquiring machines and materials which they could use in postwar civilian operations.

Many said they needed help in locating surplus which they would like to buy, and believed a government agency could be of great assistance in this. After locating surplus, they often encounter such hazards as discrimination in favor of big business and high prices.

Some are interested in acquiring plants. Many are hopeful of getting scarce materials from government-owned surplus stocks. But, for the most part, the chief interest of small business is in tools and machinery.

Gilbert R. Olson, Secretary, General Dairy Equipment Company, Minneapolis, Minnesota:

> "We are desirous of leasing machine tools now in our plant belonging to the Armed Forces. We have some immediate peacetime contracts and don't know when we can get the equipment to get going --- and by being able to lease machine tools now in our plant, we can start immediately on production and furnish employment."

Max E. Cohen, Partner, Baltimore Legging Company, Philadelphia, Pa.:

"Some method should be worked out whereby small businessmen could equip a shop with machinery which could be purchased on a long-term basis."

John E. Mitchell, Jr., Pres., John E. Mitchell Co., Inc., Dallas, Texas:

"SWPC should help the small enterprise to obtain surplus equipment and material. The average man does not know where to go or how to proceed to purchase badly needed materials, tools, etc., available to him somewhere in the vast ramifications of the surplus disposal system."

Cyril Bath, Cyril Bath Company, Cleveland, Ohio:

Believes that many small plants need the assistance of SWPC in securing new machinery.

"We have new processes. We now have no use for these machines, as there are no products in civilian goods that need those products which we made on those machines during the war. We are stymied, we need new machinery. We have bought all we could buy and today we need machinery desperately. We know where they are. They are crated and marked 'surplus' but we can't get them.

"Can SWPC help us get them, if we show you where they are? Several of the big plants such as GE and others are waiting for the machine tools that we make, but since we have no machines on which to make these tools, the big companies are also being held up."

Alfred P. Ludwig, Oedekerk & Ludwig, Pasadena, California:

"The Smaller War Plants Corporation can do a lot for us and small business in expediting and obtaining various raw materials that go into manufacturing out of surplus property stocks.

"Aside from the financial help that Smaller War Plants Corporation might give us in obtaining machine tools, we believe they can be of considerable assistance to us in locating certain specified types of machine tools in the various surplus property stocks all over the country. A small manufacturer like ourselves is going to be very much in need of the assistance of a governmental agency

such as Smaller War Plants Corporation in just locating special machine tools."

Frank Der Yuen, Vice Pres., Harlow Aircraft Company, Alhambra, Calif.:

"They (SWPC) could not only help us with that, but I feel that perhaps some arrangement could be made whereby surplus materials could be consigned to smaller plants through the auspices of Smaller War Plants Corporation whereby they would have the materials available and pay for them as they use them. They could have them on consignment. I think that would be a place where Smaller War Plants Corporation could be of use."

Gray Madison, Metalcraft Company, Phoenix, Arizona:

"Next would be help in obtaining raw materials out of surplus stocks or from normal sources of supply which at the present time are being held to a great extent solely and exclusively for big business."

R. R. Stratton, Van Dorn Iron Works, Cleveland, Ohio:

"There should be some system worked out on the disposal of surplus material. There are many companies throughout the country which require assistance in buying surplus equipment.

"With the present existing system we can see no way where we can get any protection in buying the equipment once it does become unfrozen. It looks as though the brokers will be first to get in on it and after they get through with it, goodness knows where it will be distributed. I think there ought to be some plan put into effect as quickly as possible to assist small businesses in getting that equipment. I've been out and have seen a lot of this equipment --- made trips all over the eastern United States looking at plants and equipment, but you can't get your hands on it. That isn't right --- that's holding up reconversion."

One manufacturer suggests that SWPC go into the machine tool business, in order to assure that small business gets desired machinery.

Clyde H. Smith, President, McGann Manufacturing Company, York, Pa.:

"We suggest that the government and SWPC go into the machine tool business and make tools available to small business on a basis whereby we could pay rental and when the cost of the tool is paid the tool will then belong to the small business."

Others are frankly fearful that they are at a disadvantage as small businessmen, in competition with big business companies.

Sidney Schwartz, Vice Pres. & Treas,, Mifflinburg Body Works, Inc., Mifflinburg, Pennsylvania:

"We believe that through an agency such as SWPC small business must be given an equal opportunity to acquire surplus goods on the same terms and conditions as large business."

Ralph Pryne, President, Pryne & Company, Los Angeles, California:

"Another field in which the average small business man will be unable to function intelligently is procuring of government surplus. Large well organized firms are set up to get the cream of the offerings, and the little fellow single handed is definitely out of luck."

Leland Hamman, Owner, Box Factory of Paris, Paris, Texas:

"We have been trying to get some machines put in operation in our plant. We are running up against large corporations that control these machines and we have had some trouble. They don't want anyone else to get in the field. If we can continue to get help from SWPC, we are going to give these companies the "run-around.'"

Some small plants have found prices a handicap to their desires to modernize their plants with government-owned surplus machinery. Others, not ready to buy, would prefer a long-term lease, with option to purchase.

W. H. Hauselman, Pres., Hauselman Engineering Works, Denver, Colo.:

"Most people want to buy equipment at fair prices. The Clayton

Formula may not turn out to be fair, therefore, it might be better to lease some of this equipment. Leasing of surplus equipment would be a good thing."

S. P. Hamer, Vice Pres., Mechanical Manufacturing Co., Fort Worth, Texas:

"I would like to see something done about surplus equipment that is priced on a graduated scale according to the months of service. There should be some board or somebody in authority to go out and price it --- somebody who knows equipment. Most of you know that equipment which has been in your plants for the duration has aged 25 years. People can't afford to pay the price they are asking for some of it. A piece of equipment costing $40,000 which has been in operation 24 hours a day for over a year, is not worth what it is now priced. If we had some kind of board set up to price this stuff at its actual value, it would certainly render a needed service."

A longer term to finance purchases of machinery would aid small companies. The resolution adopted at the San Francisco meeting stated:

"It is the consensus of this group that Smaller War Plants Corporation be given greater powers to obtain surplus property from the disposal agencies for the benefit of small business, and that the disposal agencies be prevented from selling surplus property for the required 18 days from date of cataloging as surplus and receipt of catalog by Smaller War Plants Corporation.

"It is the consensus of this group that small business be given a longer period of time to finance the purchase of surplus property such period to be at least 10 years, for purchases in excess of $10,000."

Purchase of plants is so difficult that few small manufacturers will be able to effect such a purchase, although many would like to do so.

R. C. Buck, Bray Optical Company, Los Angeles, California:

"I think that the Smaller War Plants Corporation should try to work out a better system of leasing buildings to a small war

plant than the DPC has. The DPC wants either all cash or they want a hundred per cent value of a building that was built during the emergency, and some kind of a write-off should be made now on these buildings. It stands to reason that a plant that was built under costly war conditions must be depreciated to a cost that is consonant with peacetime building cost. A small manufacturing business is very limited in the influence that it might have with DPC in Washington, but Smaller War Plants Corporation, on the other hand with a strong organization in Washington can be of considerable benefit to small manufacturers all over the country."

Howard A. Donnelly, S&S Tool & Mfg. Co., Detroit, Michigan:

"It is quite impossible, if a company does not own its building and machinery, to get a contract of any size because the company letting the contract is afraid the subcontractor may not be able to deliver. I have had chances to get contracts and have been refused on the basis that we did not own the building and did not own all of the machinery. It seems to me, consideration should be given to some method whereby such companies as ours could buy the machines and buildings operated during the war."

Stanley C. Bell, Quillen Bros. Refrigerator Co., Indianapolis, Indiana:

"We have plans for immediately starting construction of a new plant which can be completed within less than 90 days. We will require new machine tools to equip this plant and with the plant in operation we will be able to increase the number of our employees from 65 to more than 200. We feel that SWPC's knowledge of the availability of tools, equipment, material, etc., they can be of even more valuable assistance in the speeding up of reconversion of small business.

"Surplus machine tools in war plants should be immediately released to civilian production. In this regard SWPC is thoroughly familiar with the location of all of the surplus machine tools in defense plants and they could materially assist small business in seeing that these tools are released and delivered to the factories where they will do the most good."

R. W. Pointer, Pointer-Willamette Company, Portland, Oregon:

Another thing Mr. Pointer has in mind, he said, is that he is very much interested in establishing three new plants in the Northwest.

Up to the present time, their properties have been leased for the war period and now they will have to go out and build, lease or rent new plants to do their work.

"It seems we should have some kind of program whereby we could lease, rent, or buy or build a building to handle the work that we have in mind on some 10 or 20 year program that would not interfere with our present working capital. If you have to buy property and mortgage it, it would interfere with your working capital and credit so that it might be that you could not carry on business."

Other miscellaneous problems and suggestions made concerning surplus property follow:

E. J. Stewart, Pres., United Metal Seal Company, Boston, Mass.:

"I suggest that SWPC undertake to find out what the surplus muddle is about and see that small industry has a fair opportunity to obtain surplus machines and equipment."

L. W. Lord, Pres., Plastic Wire and Cable Co., Norwich, Conn.:

"In regard to surplus, I suggest that SWPC obtain a means for small industry to negotiate with the people who are operating the plant where government-owned machine tools are located."

William Silverman, Attorney, Featherweight Foods, Fort Kent, Maine:

"Commenting on surplus, I think that SWPC, instead of waiting for it to become surplus in the disposal agencies, ought to make contact with the various contracting officers and make arrangements for disposition of these machines to small industry before they become available in surplus."

Lynn Hill, Pres., Sioux City Falls Machine Works, Sioux Falls, S. D.,:

"We have machine tools on hand leased to us by various branches of the Armed Services. We are not permitted to use these tools for other than the government contracts for which they were leased. We can speed up reconversion and overcome unemployment much faster if we could lease these machine tools now in our

plants for a year or two and use them for our post-war work. We are not sure we want to buy these tools yet and as they are declared surplus, they will be moved out of our plants. SWPC could perform a valuable service by making arrangements with the Armed Services whereby these machine tools could be leased to us."

B. S. Gerson, National Formetal Company, Cleveland, Ohio:

"Accordingly, we need machinery. Very little of it is specialized machinery. It's pretty general stuff. We want to get a crack at the stuff the government has. Every piece of machinery which we were able to get from either Ordnance or SWPC during the war we will need in our post-war production. Not one piece of machinery will be scrapped or become obsolete because of peace production --- but we need more. We're anxious --- I don't know --- maybe we'll have no trouble getting it from the proper government sources, but I'm damn glad SWPC is here to help us. I notice that most forms are blanket bids. We don't want it all --- we want our chance at a few pieces here and there. I'm glad that SWPC is here and will continue to be here to help us get that."

SMALLER WAR PLANTS CORPORATION

CHAPTER VIII

MATERIALS

SMALL PLANTS SPEAK FOR THEMSELVES

Chapter VIII

MATERIALS: Small plants often have difficulty in obtaining materials --- buy in small quantities --- big buyers favored --- need government assistance.

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Some small manufacturers are finding it difficult to get materials needed for production of civilian items. Without adequate materials, they can not convert from war to peace production.

Government controls over practically all materials have been removed, or soon will be. Procedures set up to protect small plants have not proved adequate, according to the small manufacturers who attended 16 meetings throughout the United States.

These small plants buy in small quantities and often find that mills and material suppliers prefer to fill larger orders of bigger companies.

Government assistance is needed to remove this stumbling block to reconversion, they state.

H. Utesch, President, Oxidite Battery Company, St. Paul, Minnesota:

"Small business is having difficulty in obtaining materials. Large business buys much more than small business and they are given the opportunities because their back-orders are larger. Material priorities should be made effective for small manufacturers and SWPC should fight for this to protect the interests of small manufacturers."

A. J. Smith, Pres., Inland Manufacturing Co., Kansas City, Mo.:

"We have been unable to accept post-war contracts offered us by major manufacturers for the reason that we are unable to obtain raw materials. Big business is taking the mill's entire output, consequently small firms, such as the Inland Manufacturing Company, are having to do without. I suggest an important service for SWPC which in effect would mean this agency buying directly from mills and terminated inventories for redistribution to small manufacturers."

Howard A. Donnelly, S&S Tool & Mfg., Co., Detroit, Michigan:

"You can't go to the mills and place an order for 50 tons of material. They will not give your order very much consideration as long as they have dealings with big business. The same thing is true with equipment. Punch presses, you will find, are pretty well sewed up, and it remains to be seen whether small business has a chance to get punch presses. If you place an order for machinery now, they quote you about 14 months delivery because they have backlogs."

L. C. Trow, Gen. Mgr., Atlas Manufacturing Company, St. Paul, Minn.:

"Material is hard to get. Because we buy in comparatively small quantities, there is no chance to get any amount. We believe SWPC should fight for priority rights for small business in this regard. If we don't get materials in two or three months we will have to shut down."

Victor Lerner, Partner, Lerner Brothers, Kansas City, Missouri:

"The mills claim to have numerous rated orders booked ahead which first must be filled before smaller firms can obtain raw materials. I wonder if some of these rated orders claimed by the mills are always authentic."

Louis C. Isaacson, President, Grauman Company, Denver, Colorado:

"Fair distribution of materials should be a definite function for the SWPC."

Small manufacturer states his order shoved back to make way for large automobile company.

D. F. Walters, Regal Manufacturing Company, Coldwater , Michigan:

"Can SWPC help on rated orders that have been displaced by unrated orders? We ordered ten tons of sheet steel on a rated order, not a very high rating, but high enough, and delivery was promised the latter part of August or first part of September. In talking to the local representative of Jones & Laughlin, Tuesday, he told me it had been pushed back to October to make room for big orders an automobile company had placed for sheet steel, and these were unrated orders."

Walter Kanar, Algonac Manufacturing Company, Algonac, Michigan:

"We have been in the market for punch presses for the last two years; and we need steel. We do not get our proper allotment where bigger companies are in the picture. If SWPC could see to it that we get our full allotment, based on past production, it would be a great service."

Another manufacturer suggests that orders for materials might be pooled through SWPC.

Edward A. Brass, Owner, Shops of Edward A. Brass, Shreveport, La.:

"It is my suggestion to see if an arrangement for pooling orders could be made. Suppose several manufacturers went in together, and sent their requirements to your office or the Regional Office. Then carload orders of various types of steel and other material could be arranged. When the shipment came, it would go to a bonded warehouse, from which it could be requisitioned without any red tape, and SWPC would have their hand on the material until such time as the contractor removed it from the warehouse."

The San Francisco resolution stated:

"It is the consensus of this group that every control necessary to protect small business in securing a fair share of materials, component parts, and machine tools, in addition to surplus tools, should be retained for the benefit of small business."

Other opinions expressed:

Melvin W. Jackson, Gen., Mgr., Dallas Engineering Co., Dallas, Texas:

"Another thing small business needs is assistance in securing and selling surplus equipment and materials."

George E. Bass, Pres., Ferracute Machine Company, Bridgeton, N.J.:

"We feel that if there were some way to break the bottle-neck and get urgent materials for our contracts it would be most helpful."

Sidney Schwartz, Vice Pres., & Treas., Mifflinburg Body Works, Inc., Mifflinburg, Pennsylvania:

"Small business must have the aid and assistance of SWPC in acquiring tools and materials for civilian production."

R. R. Stratton, Van Dorn Iron Works, Cleveland, Ohio:

"As long as that type of service is needed or other assistances are required by small plants, I think SWPC or some similar organization should be in the picture."

Frank A. Emmet, Frank A. Emmet Company, Los Angeles, California:

"Now, then, one other thought I had in mind. Frankly, I think you would be more assistance to the small businessman in the peacetime than you were in the war effort because we had priorities during the war for materials. Now, we must depend entirely on the whims and fancies of the raw material supplier who has reason to favor the big manufacturer in preference to the small manufacturer, and unless some powerful Congressional agency like Smaller War Plants Corporation intercedes for me as a small manufacturer, I haven't got a Chinaman's chance.

"Here is where our industry comes in. We get materials such as morocco and calfskin after the big manufacturers have been supplied. Therefore, he is already offering the trade products made from these materials by the time we are allowed to receive it. So we are three months behind."

Jack Schacher, Bell Lumber Company, Bell, California:

"I think first that the Smaller War Plants Corporation should protect the small manufacturer from being put out of business. He should be put on an equal basis with the large manufacturers in distribution of materials, especially right now with materials so hard to get. And only an agency like Smaller War Plants Corporation with the backing of Congress, in my opinion, can get the material."

CHAPTER IX

CONTRACT SETTLEMENT

SMALLER WAR PLANTS CORPORATION

24-010 P86 nobu

SMALL PLANTS SPEAK FOR THEMSELVES

Chapter IX

CONTRACT SETTLEMENT: SWPC played important part in preparing small plants for contract terminations --- no widespread need for continued government assistance --- problems left include quick plant clearance, expediting claims and general information.

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Small manufacturers were pretty well prepared for the avalanche of contract terminations which followed V-J Day. In informing them of their rights, duties, and responsibilities in cancellation of government contracts, SWPC played an important role. The Smaller War Plants Corporation joined, through its field and Washington offices, with other Federal agencies and the armed services in holding 1,117 educational meetings on contract settlement in 336 cities. Of the 23,690 war contractors who attended these meetings, 84 per cent were small plant owners and operators.

Small manufacturers, who recently met with SWPC officials in 16 cities, did not express any widespread need of continued government in contract settlement.

However, there were some who expressed a need for help in getting their plants quickly cleared of excess materials and equipment; expediting claims; interim financing; and general information.

Alfred P. Ludwig, Partner, Oedekerk & Ludwig, Pasadena, California:

"The first problem facing small plants is that it is necessary for them to clear out with their present contracts or predicaments they are in. As an example, we were producing on a basis of between thirty and forty thousand rockets a month at a price of $17.90 apiece, of which we have an inventory of some five to seven hundred thousand, and our first problem is to clear that inventory out with the United States Navy."

Gray Madison, Metalcraft Company, Phoenix, Arizona:

"With reference to the activities of Smaller War Plants Corporation in the next two post-war years as far as the small manufacturer is concerned, I believe that the number one item is helping to clear excess DPC equipment that won't be used out of smaller plants like ours. Otherwise it will lie around."

L. C. Trow, Gen., Mgr., Altas Manufacturing Company, St. Paul, Minn.:

"We have had grand assistance from SWPC. Recently we filed a contract termination claim for $36,000 and the Army wanted to settle for $16,000. We sought advice from the regional office here of SWPC and returned to the Army Contract Settlement Officers and the statement alone that 'We were going to take up our claim through Smaller War Plants' was sufficient to reopen negotiations and we received a settlement of $29,000."

Russell C. Maintain, Pres., Maintain Store Engineer Co., Boston, Mass.:

"We have had some minor difficulties on contract termination and have been held up from filing our claim by a larger contractor who happened to be numbered among our subs and I feel that SWPC can help many small plants with problems on contract settlement that will develop during the next few months."

SMALL PLANTS SPEAK FOR THEMSELVES

CHAPTER X

TAX REVISIONS

SMALLER WAR PLANTS CORPORATION

24-010 P89 nobu

SMALL PLANTS SPEAK FOR THEMSELVES

Chapter X

TAX REVISIONS: Small manufacturers regard exising taxes as heavy handicap to reconversion --- suggest government agency, friendly to small business, make study of tax structure and recommend changes --- definite suggestions offered.

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In the 16 meetings of small manufacturers, held in all parts of the country under auspices of Smaller War Plants Corporation, there was considerable discussion of existing taxes.

Almost all were of the opinion that small business is at a distinct disadvantage under a heavy wartime tax program.

The trend of the discussion on taxation is summarized in the resolution adopted at the San Francisco meeting:

> "It is the consensus of this group that Smaller War Plants Corporation present to Congress a study of the tax structure as it pertains to small business and that Smaller War Plants Corporation continually represent small business as it pertains to taxes."

Several tangible suggestions were made by small manufacturers as to tax revisions which might give them relief needed. One of the most general was for a quicker amortization of equipment.

Frank Tice, Proprietor, Western Tool Company, Kansas City, Missouri:

".....I believe that machinery and equipment purchased during the

war at inflated prices should be written off in the shortest possible time ..... Within three years if at all possible. Small business should be given equal treatment to big business in the matter of depreciation. Big firms had purchased during the war under 'a certificate of necessity' and consequently are being allowed to charge off this equipment over a period of five years. Small business should have an equal opportunity in this regard. I think that depreciation should be left entirely to the manufacturer. From all practical points of view, there can be no material difference to the Treasury Department whether this equipment is charged off in one year or twenty years."

D. F. Walters, Regal Manufacturing Company, Coldwater, Michigan:

"We have some machinery bought in 1929 --- 16 years old now. Just last year, the Bureau of Internal Revenue sent out one of its investigators who insisted that those machines be depreciated over 10 more years. The last 5 years they have been junk. In fact, I can't even get a used machine dealer to take them off my hands."

Immediate removal of excess profits tax on small business was suggested by an Ohio manufacturer.

Kenton D. Keilholtz, E. L. Southworth & Company, Toledo, Ohio:

"The excess profits tax should be taken off of small business for the year 1945, instead of waiting until 1946. I don't know of anything that would do more for small business. If we could be relieved of taxes, we wouldn't have to go to the Government for capital."

Tax relief will encourage venture capital and make possible expansions and developments, several stated.

Stanley C. Bell, Quillen Bros. Refrigerator Company, Indianapolis, Ind.:

"We are somewhat hesitant about going ahead with our plans for erecting a new factory and equipping it with the necessary machine tools, due to the present high rate of taxes as we feel that small business cannot expand and thrive under the present tax structure. Unless there is some immediate relief given, in

this respect, reconversion plans will be seriously handicapped, which will also affect unemployment."

E. A. Callanan, Pres., Brown Rubber Company, Inc., Lafayette, Ind.:

"The corporate tax and its various features have seriously affected the financial improvement of the small people to a much greater degree than it concerns large corporations. For example, the present corporate tax credit of Ten Thousand Dollars ($10,000) could be increased to an allowance of Twenty-five Thousand or more and to a little business, say it was yielding profits of Forty or Fifty Thousand Dollars yearly, this increased deduction would be a magnificent windfall, whereas it would be relatively trivial to the larger corporations. There are many other phases of the tax problem the 'little fellow' needs help on which he can not afford to get from commercial channels and, therefore, the opportunity for this help rightfully belongs to Smaller War Plants Corporation."

Jack Schacher, Bell Lumber Company, Bell, California:

"I want to bring out, too, the fact that in my opinion the first thing Congress should do at the session that is starting today is to revise the tax laws so that small business and industry is going to be able to re-enlist the aid of venture capital."

Edward Sanford, President, Saval Company, Los Angeles, California:

"In the first place, I believe they could be of definite service in maintaining a tax lobby for small business; whether they could actually enter into that function is problematical. My theory for small business in a tax program is that it should be on a five-year plan similar to the wartime plan. Small business has not been allowed to accumulate capital during wartime that they ordinarily would with a fair tax rate. Yet, they have to sell their wartime equipment, buy new equipment and amortize it over a period of fifteen years or greater. The first few years they are going to enjoy nice business from that equipment because of existing conditions and a scarcity of commodities; but they are still going to be taxed heavily during that time and yet only allowed to amortize at a slow rate, so consequently, again they can't accumulate any capital.

"The higher tax rate also definitely keeps venture capital out

of small business for the simple reason with the prevailing tax rate and the low amortization of equipment, venture capital is left in the position of holding the bag with equipment of dubious value; and I believe Smaller War Plants Corporation could do a definite job in lobbying such a program through Congress; and Smaller War Plants Corporation, incidentally being a Congressional agency set up under, I understand, a public law that was passed by both Houses of Congress, is in a splendid position to report these inequities to Congress and see to it that proper amends are made. Proper limitations should be placed such as the amount of equipment that could be amortized and the amount of profits that could be withdrawn by the partners or officers of the corporation, whichever the case might be, so that the money, the capital gain from the high amortization would be left in the business rather than withdrawn. There should definitely be a limitation on that."

There is a "dual" system of taxation, says a Texas small manufacturer.

J. P. Travis, President, Universal Corporation, Dallas, Texas:

"I think that one of the big things that SWPC can do to break down the dual system that unintentionally exists in making loans, is taxation and in renegotiation. Big business does not have to do business with the same people that we small companies do. They can go to the top with their problems. Little business cannot.

"Now, on leasing, we have several pieces of equipment in our plant I would like to have the privilege of leasing. I was told yesterday that it could not be transferred to SWPC. We have to buy it. If it could be transferred to SWPC, it would enable us to make a better contribution to post-war employment. I am definitely doing whatever I can to get SWPC predicated on the fundamental of eliminating the dual system that is not intended to exist but does exist.

"Big business has freedom. Little industry must have the same freedom --- business and the social life of America depend upon it. We had $38,000 in excess profit taxes taken away from us --- we need that money. SWPC should see that small business gets back excess profit allowances. We need that money now."

Small plants often need advice on tax matters and would like to turn to a friendly government agency for such advice, several manufacturers stated.

John E. Mitchell, Jr., Pres., John E. Mitchell Co., Inc., Dallas, Texas:

"SWPC should arrange for advice concerning tax matters. The tax problem is one of the most critical of all business problems. The big corporations have highly paid experts to minimize their taxes. The little man, without expert accounting and legal help, and usually ignorant of rules and regulations, is likely to pay more tax than he should."

Mason Thompson, President, Standard Steel Works, Kansas City, Mo.:

".....One of the greatest complaints we have today, whether on purely manufacturing facilities or otherwise, is the present tax law."

Cyril Bath, Cyril Bath Company, Cleveland, Ohio:

Believes there is a need for some organization to take the part of small business in the matter of tax revision. Stated that, due to the tax situation, his company was unable to put away sufficient funds from its earnings during the war period to replace its machinery which has become worn out during the time.

"I think SWPC could be developed into doing something for us who do need advice on taxes. I think of SEPC as being the pump between the well and the consumer. There are a great many things that we need not go over again. We are all of us suffering from the tax burden on small business."

SMALL PLANTS SPEAK FOR THEMSELVES

CHAPTER XI

VETERANS

S M A L L E R W A R P L A N T S C O R P O R A T I O N

SMALL PLANTS SPEAK FOR THEMSELVES

Chapter XI

VETERANS: Small manufacturers, meeting to present own needs for postwar government assistance, give practically no attention to problems of veterans desiring to enter small business field --- if government agency is to help, restrictions should be removed.

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Multiple problems of veterans, who want to establish their own small businesses in America, came in for scant attention as small manufacturers met in 16 cities to discuss their needs in the conversion and postwar periods.

Probably this was natural, since small manufacturers who attended these meetings sponsored by Smaller War Plants Corporation, already are established in business and seeking ways of meeting their own current and future problems.

However, problems which these small manufacturers face are the same problems which will confront veterans who are successful in establishing small businesses of their own.

If a government agency is to assist veterans to get surplus property (as SWPC now does), then a great many of the restrictions which now exist should be removed, stated the small manufacturers.

That part of the resolution adopted at San Francisco, which deals

with veterans, states:

> "It is the consensus of this group that all restrictions placed on the Smaller War Plants Corporation in the purchase of surplus property for veterans be eliminated and that the veteran be allowed to purchase any surplus property he desires, to enter a new business, to maintain a business already established, or for his personal use, but not for resale."

Those who expressed opinions regarding veterans' problems recognized a responsibility to assist the returning servicemen in establishing themselves in business. Keep small business and you help the veterans, they stated.

T. D. Darlington, Mgr., Airesearch Manufacturing Company, Arizona:

> "With reference to veterans, the greatest service that can be done veterans is to reabsorb them naturally and most of them are interested in small business, so whatever is done to promote small business will do the most good automatically for the veteran."

Frank Der Yuen, Vice Pres., Harlow Aircraft Company, Alhambra, Calif.:

> "I believe that through the Smaller War Plants Corporation we could assist in getting returned veterans rehabilitated and relocated in jobs that they want to do. And there again, I think our industry is one which is going to attract a lot of young men. They look forward to the future of aviation as a growing industry, one which they want to be associated with for the rest of their lives."

Cyril Bath, Cyril Bath Company, Cleveland, Ohio:

> "How can we take care of full employment and the veterans should be the main goal of SWPC. How can SWPC help in the necessary reconversion, in surplus property and re-employment of veterans?"

CHAPTER XII

MISCELLANEOUS

SMALL PLANTS SPEAK FOR THEMSELVES

Chapter XII

MISCELLANEOUS: Decentralization necessary, if government agency is to give help that small business needs --- field offices close to people and problems --- need expressed for agency to protect small business against cartels and monopolies --- and to protect general interests of small business.

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As small manufacturers met in 16 conferences throughout the country, many suggestions and problems they presented did not fall into any of the specific subjects discussed in previous chapters.

For example, it was the opinion of these small plant owners and operators that in order for a government agency to represent them properly and give them the help needed, it should be decentralized. Field offices, located throughout the country, are in closer touch with the people and the problems and can give a personal service, they stated.

R. L. Reimann, Reimann & Sons, Salem, Oregon:

"I think if we could convince SWPC in Washington to decentralize and give local SWPC more power to act, it would help our situation because local people here know our needs while in Washington they don't know our situation, only what they get through documents and forms that we have to fill out."

T. O. Toon, President, Coast Fuel Company, Coosbay, Oregon:

"During wartime I have had an opportunity to follow very closely

the services rendered by the Smaller War Plants Corporation to the Army, Navy, and Maritime Commission activities and to the operators of smaller businesses who have not had the opportunities or advantages of complete sales, engineering, and business consulting services. I believe that the SWPC district offices have received only a portion of the credit due them for the total volume of war materials produced by the so-called smaller business institutions."

M. B. Kennedy, Vice Pres., American Machinery Corp., Orlando, Florida:

"It is my belief that SWPC could be more effective during the period of reconversion and following if it were more decentralized, as each section of the country and different parts of each state have conditions peculiar to their locality that can not be properly synchronized in an order of nation-wide picture."

Hartley Jackson, Prop., Jackson Manufacturing Co., Kansas City, Mo.:

"If small business development is to continue, this decentralization is essential and must remain."

Protection against cartels and monopolies will be needed, some manufacturers stated.

Michael J. Layden, Vice Pres., Vacuum Can Company, Chicago, Illinois:

"In addition, SWPC is the proper agency to safeguard small business against the organization of cartels."

M. W. Leep, Pres., Wm. F. Zummach, Inc., Milwaukee, Wisconsin:

"In the post-war era, smaller business will be faced by other monopolistic tendencies operating against them. These tendencies will be: (1) the monopoly of market, (2) monopoly of advertising, (3) monopoly of surplus, (4) monopoly of finances, (5) monopoly of ideas (technological information.) A combination of any of these tendencies can seriously effect the future of small business in this country. If the Federal Government correctly interprets the thoughts of the average man, then the SWPC or some agency organized along similar lines will be charged with a responsibility towards the welfare of small business.

"The writer does not believe that taxation directed against large organizations or large earnings is in any way beneficial to small organizations. The writer does not believe that large corporations should be restrained merely because they are large. The writer does believe, however, that it is the duty of the Federal Government to prevent monopolistic tendencies from operating to the detriment of the public good in any of the above enumerated fields."

It was an almost universal opinion among the plant operators that they needed a government agency which would be constantly on the alert to protect their interests in whatever problems the future brings --- to champion their cause in all matters affecting them.

Leonard Pubt, American Life Float Corporation, Portland, Oregon.

"In Smaller War Plants Corporation small business has found for the first time a true champion. As important as was your help during the war, it's importance in this era could be even greater."

B. S. Gerson, National Formetal Company, Cleveland, Ohio:

"I believe that SWPC should be available to all small companies in a standby position to give them that protection on every phase of their activities."

E. H. Mann, E. H. Mann Company, Eugene, Oregon:

"I am a small Western manufacturer who nas been guilding automotive truck bodies for the past fifteen years in Eugene and Medford, Oregon. When the war came, I converted my facilities to the assembly and building of U. S. Army truck bodies. During the latter period I had the assistance and guidance of Smaller War Plants Corporation and feel that they have been of very great help in solving many of my problems.

"Now I am faced with the necessity of reconversion and its many angles --- such as expansion of plant facilities, so that I can increase employment; the securing of an equitable amount of material at a favorable price in competition with the larger manufacturers;

the advice and assistance of a competent engineering staff (such as was furnished by SWPC during the war); also, help in exploring new and permanent markets, both domestic and foreign, so that increase in production can be taken care of.

"I would like to see Smaller War Plants Corporation continued either as a permanent Government agency or a cabinet branch so that they can assist small business in their many problems. My reason for feeling that SWPC can accomplish this objective is that they are well acquainted with the facilities and the abilities of the small manufacturer through their contact with him during the war period --- and he, in turn, through the local representative, has become accustomed to going to them with his problems."

M. S. White, Vice Pres.& Gen. Mgr., Taft Alloy Steel Co., Taft, Calif:

"I definitely think SWPC ought to stay in business permanently as a protection and a help to small business. I don't know what is going to happen to small business if you go out, because it is the first time in the history of the United States that there has been a Congressional Agency set up to see to it that small manufacturers got a square deal. It is almost impossible for the small manufacturer to cover his field efficiently due to lack of personnel and organization, especially when he is located in a town such as we are that is somewhat off the beaten path.

"Smaller War Plants Corporation being national in scope has supplied that very valuable assistance to me, and as I see it, if I am to continue to give employment to workmen and remain in the manufacturing picture, I must continually have aid such as has been given me in the past."

J. G. Campazzie, Exec. Vice Pres. & Gen. Mgr., A. T. Case Company, Los Angeles, California:

"The one thing to be born in mind in this connection is that Smaller War Plants Corporation enjoys a peculiar and unique position under this government. It is a child and instrumentality of Congress and as such properly is responsible to Congress and in turn to the people for its performance ..... The Smaller War Plants Corporation so far as I am concerned and can ascertain has justified the reliance that Congress has placed in its administration, and if it has been serviceable during wartime, it certainly can be serviceable during peacetime, because what we have to do after V-J Day is just as important or possibly equally

important with what had to be done before and to the permanent economy of the United States."

B. F. Flynn, Pacific Soap Company, San Diego, California:

"If my business deserved protection during wartime by a Congressional agency such as Smaller War Plants Corporation, it certainly needs it in this post-war period more than ever before when problems are going to be more intense. The future of small business has never been given the consideration that it deserves, and without an organized agency to sponsor its interests and to study the general needs of small business, it is my opinion that the whole structure of small business will be undermined in this country.

"I want to see Smaller War Plants Corporation make a comprehensive study of the whole structure of smaller business throughout the country and that that study be continued so as to have at all times a check on the vitality of small business to find out whether it is prospering or in a state of decline. It seems to me that Smaller War Plants Corporation is a logical government institution to undertake such a study and at all times know whether small business is prospering or languishing. I believe Smaller War Plants Corporation can do this job better than any other governmental instrumentality because it specializes in the needs of small business and has become associated in the minds of small business as the only agency which really champions its cause."

R. W. Hendry, Pres., Hendry Lumber Company, St. Petersburg, Florida:

"Small business should be placed on the same basis for government help that the farmer has through the Department of Agriculture, who has the benefit of group insurance, farm production credit, and Land Bank Loans."

Stanley C. Bell, Quillen Bros., Refrigerator, Co., Indianapolis, Ind:

"As a result of our past experience with Smaller War Plants Corporation, we feel that with its contacts and knowledge of small business organization, it is in a position to render more valuable assistance to business in reconversion than it was at any time during the war. Everything possible should be done to speed reconversion of business from war work to peace time operations.

which will help to solve the unemployment situation."

E. J. Stewart, Pres., United Metal Seal Company, Boston, Mass.:

"It seems to me that there is a great feeling throughout the country that SWPC is necessary, at least for the next year or two until things become normal or near normal. The feeling of small business in New England that when the emergency is over, the fewer government agencies there are, the better, does not apply to SWPC."

Mr. McGill, Vice Pres., Wright & McGill Company, Denver, Colorado:

"The organization should be changed over to one to help business continue in peace time production the same as in war."

At the Minneapolis meeting, a general discussion was held. It was generally agreed that big business, labor, farmers and veterans have powerful factions working in their behalf and that small business needed representation in government.

The following resolution was adopted:

RESOLVED: That the Smaller War Plants Corporation should continue under its present organizational plan until the end of 1946, as already determined by Congress, to render service on behalf of small business through the turbulent reconversion period; and

It is Further RESOLVED: That legislation be enacted to have independent, potent Small Business Corporation within the Federal Government, with headquarters at Washington and a field organization, staffed with capable men, to continue on after the termination of the present Smaller War Plants Corporation to assist and protect the interests of small business; and

It Is Further RESOLVED: That we hereby express our appreciation to and commend the Smaller War Plants Corporation and its personnel for the fine service rendered to us in the past."

The San Francisco meeting, in its resolution reached the following

conclusions:

"Smaller War Plants Corporation is the only instrumentality established by Congress to further the interest of small business. That the name of the Smaller War Plants Corporation be changed to a more representative title with reference to small business. That it must be implemented, strengthened and continued to serve the interest of small business and the small business man with emphasis on assistance to all small business, along with small manufacturers. That the Corporation be maintained in perpetuity as the sole agency for the benefit of, to fight the battles for, and to represent the interest of small business as a whole. And that the duty of this Corporation be to guard the interest of small business and free enterprise as represented by 90 percent of the business of our country.

"It is the consensus of this group that precise and correct information relative to activities of the Smaller War Plants Corporation be disseminated to small business and the public through the medium of experienced public relations men and that funds be made available for such purpose.

"The small manufacturers and small business of this region feel that in the production for war, Smaller War Plants Corporation has been their sole advocate. Consequently, in production for peace we urge that the interest of small business be guarded and implemented in the same manner."

SMALL PLANTS SPEAK FOR THEMSELVES

CHAPTER XIII

CONCLUSION

S M A L L E R W A R P L A N T S C O R P O R A T I O N

SMALL PLANTS SPEAK FOR THEMSELVES

Chapter XIII

CONCLUSION: Views of Small manufacturers outline program of assistance which they hope to receive from their government.

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From views expressed by small manufacturers in the preceding chapters emerges a rather definite program of assistance, which they think they need from their government and hope to receive.

Some of the suggestions made are for specific services, but even these weave themselves into a pattern.

One New York manufacturer grouped the needs of small business into three subjects --- Finance, Marketing, and Development.

These three fields stood out in all of the 16 meetings, as a permanent program of assistance needed by small business to prosper and take its rightful place in a prosperous economy.

Opinions of these representative groups also point to an interim program of assistance needed now to effect an orderly reconversion. This they suggest, should include aid in contract settlements; obtaining materials, machinery and other surplus property; tax revisions; and representation with other agencies.

Problems of small business long have been recognized. Speaking for themselves, small manufacturers from Maine to Oregon have told what

they consider these problems to be and have offered suggestions as to what they think are possible solutions.

Since these opinions come from all corners of the nation and from almost every conceivable type of manufacturing industry, they should be of material assistance in formulating a tangible, well-organized program of assistance, for the benefit of all America.